

**STATE OF NEW MEXICO  
LAS ACEQUIAS DE PLACITAS**

**Independent Accountants' Report on  
Applying Tier 5 Agreed-Upon Procedures**

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



**STATE OF NEW MEXICO  
LAS ACEQUIAS DE PLACITAS  
DECEMBER 31, 2017**

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STATE OF NEW MEXICO  
LAS ACEQUIAS DE PLACITAS  
OFFICIAL ROSTER  
DECEMBER 31, 2017

**Board of Commissioners**

<u>Name</u>	<u>Title</u>
Bert DeLara	President
Kevin Fowler	Treasurer
Jon Gregg	Secretary



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To: Board of Directors  
Las Acequias de Placitas  
and  
Honorable Wayne Johnson  
New Mexico State Auditor  
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by State of New Mexico Las Acequias de Placitas and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating Las Acequias de Placitas' financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, Budget and Capital Outlay, and its compliance with Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended December 31, 2017. Las Acequias de Placitas is responsible for its financial reporting and compliance as described above. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I 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.

In accordance with Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC, my procedures and associated findings are as follows:

**1. REVENUE DETERMINATION**

**Procedures**

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."

**Findings**

Revenue was \$67,940, and there were \$216,333 in state capital outlay expenditures. The audit rule requires Tier 5 agreed-upon procedures for Las Acequias de Placitas.

## **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. For purposes of performing my procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the organization.

b) Test at least 30% of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

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.

### **Findings**

All reconciliations were prepared and all bank statements were on-hand. 5 of 12 operating account bank reconciliations, and 5 of 12 savings account reconciliations were not completed timely. 4 of 4 operating account reconciliations tested were not accurate because the reconciled balance did not equal the general ledger balances. See finding 2014-002 in the accompanying schedule of findings and responses. Pledged collateral was not required.

## **3. CAPITAL ASSETS**

### **Procedures**

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

### **Findings**

Las Acequias de Placitas performed a yearly inventory as required by Section 12-6-10 NMSA 1978, but the inventory was not certified as correct by the Board of Commissioners. See finding 2014-004 in the accompanying schedule of findings and responses.

## **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 revenue 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.

### **Findings**

Revenue was analytically tested with no exceptions. 81% of total receipts were tested and all receipts tested were agreed to deposits, billing reports and the general ledger without exception.

## **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).

## **Findings**

38 non-capital outlay disbursements were tested. Invoices were matched to all disbursements with no exceptions. There was no policy for approvals and approvals were not documented for 17 of 38 disbursements. See finding 2014-005 in the accompanying schedule of findings and responses. Procurement was tested with no exceptions. There were no disbursements subject to the Per Diem and Mileage Act.

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

### **Findings**

100% of the journal entries were tested. All entries were reasonable and had supporting documentation. Las Acequias de Placitas has no policy for approving journal entries and none of the journal entries tested were approved. See finding 2014-005 in the accompanying schedule of findings and responses.

## **7. BUDGET**

### **Procedures**

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

- 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 the answer is yes, 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.

## **Findings**

Las Acequias de Placitas prepared a budget and obtained DFA certification, but was unable to provide a resolution or board minutes where the budget was authorized by the board. Actual expenditures exceeded budgeted expenditures. See finding 2014-006 in the accompanying schedule of findings and responses.

## **8. CAPITAL OUTLAY APPROPRIATIONS**

### **Procedures**

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 5 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet Tier 5 criteria. 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.
- b) Determine that the cash disbursements were properly authorized and approved in accordance 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- 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.
- f) 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.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) 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.
- i) 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.



## **Findings**

100% of capital outlay disbursements were tested and were agreed to the supporting documentation. All related disbursements were properly approved. The contract was processed in accordance with the New Mexico Procurement Code. Status reports, physical existence were tested without exception. No advances were received, and the grant agreement did not require a separate bank account. The project was completed and there was no remaining amount to be reverted to the Board of Finance. All reimbursement requests were properly supported by costs incurred. A vendor for this project was paid more than one month after the funds were received from the grantor. See finding #2017-001 in the accompanying schedule of findings and responses.

## **9. OTHER**

### **Procedures**

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.

### **Findings**

Las Acequias de Placitas did not complete an auditor recommendation or submit their annual agreed-upon procedures report to the Office of the State Auditor by the statutory deadlines. See finding 2014-001 in the accompanying schedule of findings and responses.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on Las Acequias de Placitas' financial reporting and compliance as described above. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of State of New Mexico Las Acequias de Placitas, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.

*James L. Hartogensis, CPA LLC*

Albuquerque, New Mexico  
December 19, 2018

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)  
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES:</b>				
Water sales	\$ 63,000	\$ 63,000	\$ 67,937	\$ 4,937
Grant revenue	\$ 150,000	\$ 150,000	\$ 216,333	\$ 66,333
Miscellaneous	700	700	-	(700)
Interest Income	-	-	3	3
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Revenues</b>	<u>\$ 213,700</u>	<u>\$ 213,700</u>	<u>\$ 284,273</u>	<u>\$ 70,573</u>
<b>EXPENDITURES:</b>				
Administrative	\$ 200	\$ 200	\$ 157	\$ 43
Transportation	-	-	165	(165)
Utilities	125	125	853	(728)
Bookkeeping	3,527	3,527	4,271	(744)
Lab work	-	-	97	(97)
Office supplies	400	400	248	152
Office equipment	-	-	1,548	(1,548)
System parts and supplies	6,300	6,300	3,341	2,959
Postage and delivery	275	275	346	(71)
Subscriptions aqnd dues	-	-	1,075	(1,075)
System repairs	4,000	4,000	-	4,000
Operator fee	5,083	5,083	7,653	(2,570)
Water meters	1,600	1,600	532	1,068
Labor cost	25,900	25,900	13,385	12,515
Insurance	1,800	1,800	1,411	389
AUP or audit	2,000	2,000	6,185	(4,185)
Attorney	1,000	1,000	-	1,000
Equipment rental	4,000	4,000	792	3,208
Conservation fee	500	500	582	(82)
Miscellaneous	500	500	137	363
Mayordomo fee	6,000	6,000	7,481	(1,481)
Engineering fee	-	-	31,517	(31,517)
Capital outlay	150,000	150,000	215,725	(65,725)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditures</b>	<u>\$ 213,210</u>	<u>\$ 213,210</u>	<u>\$ 297,501</u>	<u>\$ (84,291)</u>

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
**YEAR-END REPORT SUBMITTED TO DFA**  
**YEAR ENDED DECEMBER 31, 2017**

**MDWCA: Las Acequias de Placitas**  
**Mailing Address: PO Box 811, Placitas, NM, 87043**  
**Email address: cjkennedy@comcast.net**  
**Phone number: 505-867-2853**

**Calendar Year**

**2017**

	APPROVED BUDGET	1st QR: Jan - Mar	2nd QR: Apr - Jun	3rd QR: Jul - Sept	4th QR: Oct -Dec	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
<b>Beginning Cash balance</b>	<b>\$ 62,975.42</b>							
<b>REVENUES (General Fund)</b>								
Water Sales	63,000	11,164	20,006	16,530	20,237	\$ 67,937.03	\$ (4,937.03)	108%
Service Charges						\$ -	\$ -	-
Membership dues						\$ -	\$ -	-
Penalties and Fees						\$ -	\$ -	-
Interest		1	1	1	1	\$ 3.45	\$ (3.45)	-
Miscellaneous	700					\$ -	\$ 700.00	0%
<b>REVENUE TOTALS</b>	<b>\$ 63,700</b>	<b>\$ 11,165</b>	<b>\$ 20,007</b>	<b>\$ 16,531</b>	<b>\$ 20,238</b>	<b>\$ 67,940</b>	<b>\$ (4,240)</b>	<b>107%</b>
<b>EXPENDITURES (General Fund)</b>								
Administrative Cost	200	(5)	-	-	162	\$ 157	\$ 43	78%
Transportation					165	\$ 165	\$ (165)	
Electricity & Other Utilities	125	185	285	190	193	\$ 853	\$ (728)	683%
Bookkeeping Fees	3,527	916	1,116	864	1,375	\$ 4,271	\$ (744)	121%
Lab Work		-	-	-	97	\$ 97	\$ (97)	
Office Supplies	400	52	-	-	195	\$ 248	\$ 152	62%
Office Equipment		-	-	-	1,548	\$ 1,548	\$ (1,548)	
System Parts and Supplies	6,300	1,193	1,173	166	809	\$ 3,341	\$ 2,959	53%
Postage & Delivery	275	59	54	131	102	\$ 346	\$ (71)	126%
Subscription/Dues		223	0	0	852	\$ 1,075	\$ (1,075)	-
System Repairs	4,000					\$ -	\$ 4,000	0%
Operator Fee	5,083	1,554	1,899	2,245	1,955	\$ 7,653	\$ (2,570)	151%
Water Meters	1,600	-	-	-	532	\$ 532	\$ 1,068	33%
Labor Cost	25,900	4,845	1,541	2,294	4,705	\$ 13,385	\$ 12,515	52%
Software + Readers						\$ -	\$ -	-
Insurance	1,800	1,411				\$ 1,411	\$ 389	78%
AUP or Audit	2,000	3,219	1,030	1,935	-	\$ 6,185	\$ (4,185)	309%
PS-Attorney	1,000					\$ -	\$ 1,000	0%
Equipment Rental	4,000			572	220	\$ 792	\$ 3,208	20%
Conservation Fee	500	144	127	137	174	\$ 582	\$ (82)	116%
Miscellaneous	500	80	27	15	15	\$ 137	\$ 364	27%
Mayordomo Fee	6,000	1,603	1,069	2,137	2,672	\$ 7,481	\$ (1,481)	125%
Engineering Fee			\$ 24,492		\$ 7,025	\$ 31,517	\$ (31,517)	
<b>TOTAL EXPENDITURES</b>	<b>\$ 63,210</b>	<b>\$ 15,479</b>	<b>\$ 32,812</b>	<b>\$ 10,852</b>	<b>\$ 22,631</b>	<b>\$ 81,774</b>	<b>\$ (18,564)</b>	<b>129%</b>
<b>TOTAL GENERAL FUND to include Beginning cash</b>	<b>\$ 63,465</b>							

<b>Revenues (non-operating)</b>								
SAP.. Appropriation Capital outlay	\$ 150,000			\$ 216,333		\$ 216,333		
State Grants								
Federal Grants								
Other								
Other								
<b>Total Revenues (non-operating)</b>	<b>\$ 150,000</b>			<b>\$ 216,333</b>	<b>\$ -</b>	<b>\$ 216,333</b>		
<b>Expenditures (non-operating)</b>								
Capital Outlay	\$ 150,000							
Payments				\$ 208,700		\$ 208,700		
Other				\$ 7,025		\$ 7,025		
Other								
<b>Total Expenditure (non-operating)</b>	<b>\$ 150,000</b>		\$ -	<b>\$ 215,725</b>	<b>\$ -</b>	<b>\$ 215,725</b>		
<b>Total (Non-operating)</b>	<b>\$ -</b>							
<b>Estimated Ending Cash Balance on Dec 31, 2017</b>	<b>\$71,553.00</b>							

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
 SCHEDULE OF CAPITAL PROJECTS  
 Year Ended December 31, 2017

<u>Project Number</u>	<u>Project Name</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Remaining Balance</u>	<u>Legislation/ Effective Dates</u>
13-1498-STB	Placitas Water System Improvements	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	Laws of 2013, Ch. 226, Sec. 23/69 7/1/2013 - 6/30/2017

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

**Current Year Findings**

**2014-001 – Late Audit Report and Recommendation (significant deficiency, noncompliance)**

*Condition:* Las Acequias de Placitas did not submit their 2017 agreed-upon procedures report to the Office of the State Auditor by the required due date of May 31, 2018. In addition, the auditor recommendation for 2017 was not submitted to the State Auditor on time. The agency did not make any progress towards correcting this finding in 2017.

*Criteria:* 2.2.2 NMAC (State Audit Rule) requires submission of auditor recommendations at least 30 days prior to year-end, or by December 1, 2017. 2.2.2 NMAC also requires submission of audit reports within five months after year-end, or May 31, 2018.

*Cause:* The Las Acequias de Placitas board had turnover in 2017 and did not recommend and contract with an audit firm until September 2017.

*Effect:* Las Acequias de Placitas was not in compliance with the State Audit Rule, which could impact its ability to receive grants from federal and state sources.

*Recommendation:* Las Acequias de Placitas should prepare the annual auditor recommendation by December 1 of each year and submit it to the Office of the State Auditor. Las Acequias de Placitas should also institute policies and procedures that will enable it to complete their annual audit within five months after year-end.

*Agency's Response:*

- a. The Treasurer of Las Acequias de Placitas will maintain a calendar of due dates for each calendar year.
- b. The Treasurer of Las Acequias de Placitas will ensure that the annual auditor recommendation is submitted by December 1st for the following year, effective immediately. Institution of Policies and Procedures will ensure that the annual audit is completed with five months after year end.

**2014-002 - Bank Reconciliations Not Timely or Accurate (significant deficiency)**

*Condition:* 5 of 12 operating account bank reconciliations, and 5 of 12 savings account reconciliations were not completed timely. The operating account reconciliation was inaccurate. Reconciled balances did not agree with general ledger balances for March, June, September and December 2017. The agency did not make any progress towards correcting this finding in 2017.

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

**Current Year Findings – continued**

**2014-002 - Bank Reconciliations Not Timely or Accurate (significant deficiency) - continued**

*Criteria:* Internal control and proper stewardship requires timely and accurate bank reconciliations each month.

*Cause:* Las Acequias de Placitas did not have a policy to complete the reconciliations timely. Transactions that affect cash that occur after the bank account is reconciled cause general ledger balances to change.

*Effect:* If cash is not reconciled accurately and reported in a timely manner, it may be difficult to properly safeguard Las Acequias de Placitas's assets. Errors may go undetected until it is too late to correct.

*Recommendation:* I recommend Las Acequias de Placitas implement policies and procedures that require timely and accurate completion of the bank reconciliation each month. The procedures should provide for proper review and approval of the reconciliation by a person independent of the accounting function. If there are transactions that affect cash that get posted after bank accounts are reconciled, the reconciliation should be updated to reflect the new general ledger balances.

*Agency's Response:*

- a. The Treasurer of Las Acequias de Placitas will maintain a calendar of due dates for each calendar year.
- b. The Las Acequias de Placitas Board of Commissioners approved a Bookkeeping and Reporting Policy at a Special Meeting on December 26, 2018. The policy requires bank reconciliations be completed, reviewed and approved by a board member by the 20<sup>th</sup> day of the following month.

**2014-004 - Capital Asset Inventory Not Completed (noncompliance)**

*Condition:* Las Acequias de Placitas performed an inventory of capital assets for the year ended December 31, 2016, however it was not certified correct by the board. The agency did make progress towards correcting this prior year finding by completing an inventory.

*Criteria:* Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory.

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

**Current Year Findings - continued**

**2014-004 - Capital Asset Inventory Not Completed (noncompliance) - continued**

*Cause:* Las Acequias de Placitas was not aware of this statutory requirement.

*Effect:* Lack of an annual inventory of capital assets may prevent Las Acequias de Placitas from properly safeguarding their assets. Timely replacement of unusable or obsolete assets may be prevented, which could affect the overall operation of the water delivery system.

*Recommendation:* Las Acequias de Placitas should complete an inventory of their capital assets annually, on or near year-end. The inventory should include all intangible assets, equipment and infrastructure owned by Las Acequias de Placitas, and it should be certified by management in accordance with state statute.

*Agency's Response:*

- a. The Treasurer of Las Acequias de Placitas will maintain a calendar of due dates for each calendar year.
- b. The Agency has no "moveable chattel" that cost over \$5,000. This will be reflected in the minutes of the Special Meeting on December 26, 2018.

**2014-005 Lack of Approvals for Operating Disbursements and Journal Entries (significant deficiency)**

*Condition:* 17 out of 38 operating disbursements tested had no documented approval. 4 of 4 general journal entries tested had no documented approval. Las Acequias de Placitas does not have a written policy for approving transactions. The agency made some progress towards correcting this prior year finding by implementing an approval policy during the year for disbursements.

*Criteria:* Proper internal controls dictate that a disbursement should only be made once the invoice is received and applicable authorizations are complete. These steps should be documented and the paperwork retained. Section 12-6-3 B(6) NMSA 1978 requires the independent public accountant to determine whether the local public body has procedures in place that requires journal entries to be reviewed, and that evidence of the review is documented.

*Cause:* Las Acequias de Placitas did not have a policy for approving disbursements or journal entries for the entire year.

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

**Current Year Findings - continued**

**2014-005 Lack of Approvals for Operating Disbursements and Journal Entries (significant deficiency) - continued**

*Effect:* Transactions may occur that are not properly approved. Las Acequias de Placitas may be subject to fraud waste or abuse by not properly authorizing and retaining documentation for every transaction.

*Recommendation:* Las Acequias de Placitas should include in their policies procedures for the authorization, documentation and retention of all transactions, including cash disbursements and journal entries. The policy should require approvals prior to actually writing the check.

*Agency's Response:* The Las Acequias de Placitas Board of Commissioners approved a Cash Disbursement Policy at a Special Meeting on December 26, 2018 that requires prior approval by at least 2 board members.

**2014-006 – Budget Noncompliance (significant deficiency, noncompliance)**

*Condition:* Las Acequias de Placitas prepared a budget for the current fiscal year but could not provide evidence of board approval. Actual expenditures were \$298,107, which exceeded budgeted expenses of \$213,210. The agency made progress towards correcting this prior year finding by preparing a budget and obtaining DFA certification.

*Criteria:* Section 6-6-2 NMSA 1978 requires all local public bodies to prepare, approve and submit their operating budget annually to DFA for certification.

*Cause:* Las Acequias de Placitas could not find a copy of board approval. A budget review was not completed in time to file a budget adjustment request.

*Effect:* By not documenting and monitoring the budget, unauthorized expenditures may occur and not be detected, which increases the risk of fraud, waste or abuse.

*Recommendation:* Las Acequias de Placitas should implement a policy for budget preparation that includes the timeframe for preparing, approving and submitting the budget to DFA, and the person(s) responsible for preparing the budget. The policy should include ongoing review of budget to actual expenses to control expenses and determine whether budget amendments are required. Board minutes and other official documents should be retained in a central location, preferably electronically so they can be easily retrieved.



**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

**Current Year Findings - continued**

**2014-006 – Budget Noncompliance (significant deficiency, noncompliance) - continued**

*Agency's Response:*

- a. The Treasurer of Las Acequias de Placitas will maintain a calendar of due dates for each calendar year.
- b. Effective immediately the Treasurer of Las Acequias de Placitas will be responsible for preparing, obtaining approval and submitting all budget and quarterly reports, as well as required resolutions and any required budget amendments, to DFA. The budget will be reviewed quarterly. Board minutes and other official documents will be retained in a central location. Meeting agendas and approved Board minutes will be posted on Las Acequias' website.

**2017-001 – Capital Outlay (significant deficiency, noncompliance)**

*Condition:* Las Acequias de Placitas received \$183,747 from the State on June 27, 2017 for costs related to capital project #13-1498. The vendor was not subsequently paid until July 31, 2017.

*Criteria:* Article IX, Section A (iii) of the grant agreement between the New Mexico Environment Department and Las Acequias de Placitas states "Grantee shall make payment to those contractors or vendors within five (5) business days of receiving reimbursement from the Department".

*Cause:* The organization was unaware of this requirement.

*Effect:* Untimely vendor payments may cause project delays which, in turn, may lead to unfinished projects because capital outlay appropriations have an expiration date.

*Recommendation:* Las Acequias de Placitas should designate someone with the necessary time, knowledge and experience to oversee and manage capital projects.

*Agency's Response:* At the Special Meeting on December 26, 2018, it was decided that Bert DeLara, President, and Jon Gregg, Secretary, Las Acequias de Placitas, would be jointly responsible for overseeing and managing capital projects.

**STATE OF NEW MEXICO**  
**LAS ACEQUIAS DE PLACITAS**  
STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2017

**Prior Year Findings**

**Current Status**

2014-001 – Late Audit Report and Recommendation	Repeated and modified
2014-002 - Bank Reconciliations Not Timely or Accurate	Repeated and modified
2014-003 – DFA Reporting	Resolved
2014-004 - Capital Asset Inventory Not Completed	Repeated and modified
2014-005 - Lack of Approvals for Operating Disbursements and Journal Entries	Repeated and modified
2014-006 – Budget Noncompliance	Repeated and modified

**STATE OF NEW MEXICO  
LAS ACEQUIAS DE PLACITAS  
EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2017**

The report contents were discussed at an exit conference held on December 27, 2018 with the following in attendance:

**Las Acequias de Placitas**

Bert DeLara	President
Carolyn Kennedy	Treasurer

**James L. Hartogenesis, CPA LLC**

James Hartogenesis, CPA, CGFM	Principal
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