

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

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

**For the Year Ended
December 31, 2018**



**STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
DECEMBER 31, 2018**

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**STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
OFFICIAL ROSTER
DECEMBER 31, 2018**

Board of Commissioners

| Name | Title |
|-----------------|-----------|
| Bert DeLara | President |
| Carolyn Kennedy | Treasurer |
| Jon Gregg | Secretary |



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

To: Board of Directors
Las Acequias de Placitas
and
Brian S. Colón, Esq.
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, and Budget, 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, 2018. 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 4 of the Audit Act – Section 12-6-3 B (4) 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 under "Tiered System Reporting Main Page."

Findings

Revenue was \$66,792 which required Tier 4 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. 11 of 12 operating account bank reconciliations, and 11 of 12 savings account reconciliations were not completed timely. 1 of 4 operating account reconciliations tested was not accurate because the reconciled balance did not equal the general ledger balance. 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, and the inventory was certified as correct.

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. 8 receipts totaling \$20,830 were tested. 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

45 disbursements were tested totaling \$24,345. Invoices were matched to all disbursements with no exceptions. Every disbursement tested was approved. The agency is in compliance with both the Per Diem and Mileage Act and state procurement.

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 implemented a policy for approving journal entries and 100% of the journal entries tested were approved.

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, and provided board resolutions for the original budget and budget adjustment. Actual expenditures did not exceed budgeted expenditures.

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, 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

Nothing else noted.

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
May 23, 2019

STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
YEAR ENDED DECEMBER 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|---------------------------|--------------------|------------------|------------------|--------------------|
| | Original Budget | Final Budget | | |
| REVENUES: | | | | |
| Water sales | \$ 85,000 | \$ 85,000 | \$ 66,789 | \$ (18,211) |
| Miscellaneous | 700 | 700 | - | (700) |
| Interest Income | 5 | 5 | 3 | (2) |
| Total Revenues | \$ 85,705 | \$ 85,705 | \$ 66,792 | \$ (18,913) |
| EXPENDITURES: | | | | |
| Administrative | \$ 200 | \$ 200 | \$ 10 | \$ 190 |
| Transportation | 200 | 200 | 92 | 108 |
| Utilities | 900 | 900 | 694 | 206 |
| Bookkeeping | 4,500 | 4,500 | 3,658 | 842 |
| Lab work | 100 | 100 | 220 | (120) |
| Office supplies | 800 | 800 | 585 | 215 |
| Office equipment | 200 | 200 | - | 200 |
| System parts and supplies | 15,000 | 15,000 | 13,842 | 1,158 |
| Postage and delivery | 350 | 350 | 308 | 42 |
| Subscriptions and dues | 1,000 | 1,000 | 1,572 | (572) |
| System repairs | - | - | - | - |
| Operator fee | 8,000 | 8,000 | 11,294 | (3,294) |
| Water meters | 1,600 | 1,600 | 2,108 | (508) |
| Labor cost | 20,000 | 32,000 | 28,746 | 3,254 |
| Insurance | 1,500 | 1,500 | 1,317 | 183 |
| AUP or audit | 3,000 | 3,000 | 2,621 | 379 |
| Attorney | 1,000 | 1,000 | - | 1,000 |
| Equipment rental | 2,000 | 2,000 | 1,928 | 72 |
| Conservation fee | 600 | 600 | 389 | 211 |
| Miscellaneous | 250 | 250 | 747 | (497) |
| Mayordomo fee | 7,500 | 7,500 | 6,505 | 995 |
| Total expenditures | \$ 68,700 | \$ 80,700 | \$ 76,636 | \$ 4,064 |

STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
YEAR-END REPORT SUBMITTED TO DFA
YEAR ENDED DECEMBER 31, 2018

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
2018

| | 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 |
|---|---------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------------|----------------------------|----------------|
| Beginning Cash balance | \$ 52,581.42 | | | | | | | |
| REVENUES (General Fund) | | | | | | | | |
| Water Sales | 85,000 | 14,321 | 15,956 | 20,557 | 15,956 | \$ 66,789.27 | \$ 18,210.73 | 79% |
| Service Charges | | | | | | \$ - | \$ - | - |
| Membership dues | | | | | | \$ - | \$ - | - |
| Penalties and Fees | | | | | | \$ - | \$ - | - |
| Interest | 5 | 1 | 1 | 1 | 1 | \$ 2.51 | \$ 2.49 | 50% |
| Miscellaneous | 700 | | | | | \$ - | \$ 700.00 | 0% |
| REVENUE TOTALS | \$ 85,705 | \$ 14,322 | \$ 15,956 | \$ 20,557 | \$ 15,956 | \$ 66,792 | \$ 18,913 | 78% |
| EXPENDITURES (General Fund) | | | | | | | | |
| Administrative Cost | 50 | | | 10 | | \$ 10 | \$ 40 | 20% |
| Transportation | 200 | | 30 | | 62 | \$ 92 | \$ 108 | |
| Electricity & Other Utilities | 900 | 93 | 240 | 218 | 143 | \$ 694 | \$ 206 | 77% |
| Bookkeeping Fees | 4,500 | 850 | 1,129 | 850 | 829 | \$ 3,658 | \$ 842 | 81% |
| Lab Work | 220 | | | 220 | | \$ 220 | \$ (0) | |
| Office Supplies & Expenses | 800 | 201 | 345 | | 39 | \$ 585 | \$ 215 | 73% |
| Office Equipment | 200 | | | | | \$ - | \$ 200 | |
| System Parts, Materials and Supplies | 14,425 | 6,858 | 3,680 | 327 | 2,977 | \$ 13,842 | \$ 583 | 96% |
| Postage & Delivery | 350 | 71 | 78 | 134 | 25 | \$ 308 | \$ 42 | 88% |
| Subscription/Dues | 1,575 | 276 | | | 1,295 | 1,572 | 3 | 100% |
| Taxes | | | | | | \$ - | \$ - | - |
| Operator Fee | 11,300 | 1,275 | 4,704 | 1,517 | 3,798 | \$ 11,294 | \$ 6 | 100% |
| Water Meters & Supplies | 2,600 | 1,067 | | 942 | 100 | \$ 2,108 | \$ 492 | 81% |
| Labor Cost | 28,800 | 5,291 | 6,787 | 12,386 | 4,281 | \$ 28,746 | \$ 54 | 100% |
| Software + Readers | | | | | | \$ - | \$ - | - |
| Insurance | 1,500 | 1,317 | | | | \$ 1,317 | \$ 183 | 88% |
| AUP or Audit | 3,000 | 194 | | | 2,427 | \$ 2,621 | \$ 379 | 87% |
| PS-Attorney | 500 | | | | | \$ - | \$ 500 | 0% |
| Equipment Rental | 2,000 | 1,028 | | | 900 | \$ 1,928 | \$ 72 | 96% |
| Conservation Fee | 600 | 146 | 111 | 72 | 59 | \$ 389 | \$ 211 | 65% |
| Miscellaneous | 780 | 28 | 79 | 165 | 475 | \$ 747 | \$ 33 | 96% |
| Mayordomo Fee | 7,000 | | 2,918 | 1,336 | 2,252 | \$ 6,505 | \$ 495 | 93% |
| TOTAL EXPENDITURES | \$ 81,300 | \$ 18,696 | \$ 20,101 | \$ 18,239 | \$ 19,600 | \$ 76,636 | \$ 4,664 | 94% |
| TOTAL GENERAL FUND to include Beginning cash | \$ 56,986 | | | | | | | |

| | | | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| Revenues (non-operating) | | | | | | | | |
| SAP.. Appropriation Capital outlay | | | | | | | | |
| State Grants | | | | | | | | |
| Federal Grants | | | | | | | | |
| Other | | | | | | | | |
| Other | | | | | | | | |
| Total Revenues (non-operating) | \$ - | | | | | | | |
| Expenditures (non-operating) | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Payments | | | | | | | | |
| Other | | | | | | | | |
| Other | | | | | | | | |
| Total Expenditure (non-operating) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total (Non-operating) | \$ - | | | | | | | |
| Estimated Ending Cash Balance on Dec 31, 2018 | \$ 56,986.42 | | | | | | | |

I HEREBY CERTIFY THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS

Bert Delara
 President/Chairperson

31-Jan-19
 Date

STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2018

Current Year Finding

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

Condition: 11 of 12 operating account bank reconciliations, and 11 of 12 savings account reconciliations were not completed timely. The operating account reconciliation was inaccurate for one of four months tested. The reconciled balance (\$17,885.73) did not agree with general ledger balance (\$17,532.81) for June 2018. The agency did not make any progress towards correcting this finding in 2018.

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: On December 26, 2018, the Las Acequias Board of Commissioners approved and implemented a Bookkeeping and Reporting Policy. Provision No. 1 of the policy directs that "Monthly account reconciliations must be completed, reviewed, and approved by a minimum of (1) Board Member by the 20th day of the following month." Since the policy was implemented, all monthly reconciliations have been completed by the bookkeeper by the due date and have been checked for accuracy and approved.

STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2018

Prior Year Findings

Current Status

| | |
|---|-----------------------|
| 2014-001 – Late Audit Report and Recommendation | Resolved |
| 2014-002 - Bank Reconciliations Not Timely or Accurate | Repeated and modified |
| 2014-004 - Capital Asset Inventory Not Completed | Resolved |
| 2014-005 - Lack of Approvals for Operating Disbursements and Journal Entries | Resolved |
| 2014-006 – Budget Noncompliance | Resolved |
| 2017-001 – Capital Outlay | Resolved |

STATE OF NEW MEXICO
LAS ACEQUIAS DE PLACITAS
EXIT CONFERENCE
YEAR ENDED DECEMBER 31, 2018

The report contents were discussed at an exit conference held on May 29, 2019 with the following in attendance:

Las Acequias de Placitas

| | |
|-----------------|-----------|
| Bert DeLara | President |
| Carolyn Kennedy | Treasurer |
| Jon Gregg | Secretary |

James L. Hartogenesis, CPA LLC

| | |
|-------------------------------|-----------|
| James Hartogenesis, CPA, CGFM | Principal |
|-------------------------------|-----------|