



STATE OF NEW MEXICO
Canon De Carnue Land Grant

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

Year Ended June 30, 2015

**STATE OF NEW MEXICO
Canon De Carnue Land Grant**

**Table of Contents
June 30, 2015**

	<u>Page</u>
Title Page	i
Table of Contents	ii
Official Roster	iii
Independent Accountants' Report on Applying Agreed-Upon Procedures	iv-viii
	<u>Exhibit</u>
Schedule of Revenues and Expenditures- Budget to Actual	1
Schedule of Findings and Responses	2
Exit Conference	5

**STATE OF NEW MEXICO
Canon De Carnue Land Grant**

**Official Roster
at June 30, 2015**

<u>Name</u>	<u>Title</u>
<u>Board Members</u>	
Manuel Garcia	President
Andy Gonzales	Vice President
Yolanda Garcia	Treasurer
Moises Gonzales	Secretary
Louisa Gonzales	Member

STATE OF NEW MEXICO

Canon De Carnue Land Grant

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

Year Ended June 30, 2015



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

To: Lee Griego
Canon De Carnue Land Grant
Board of Directors
and
Timothy Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Canon De Carnue Land Grant (Land Grant) for the year ended June 30, 2015, solely to assist the Land Grant in demonstrating compliance with the provisions of Laws of 2008, Chapter 83, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The Land Grant was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Land Grant through the Office of the New Mexico State Auditor. The Land Grant's management is responsible for the organization's accounting records. 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 those parties specified in the 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 follow.

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".

Precision Accounting, LLC verified the local public body's revenue calculation and tier determination documented on the form provided.

2. Cash

- 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.

Precision Accounting, LLC determined that bank reconciliations were complete and on-hand and appear to have been performed timely.

- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

Precision Accounting, LLC selected three months of bank reconciliations and tested them for accuracy and traced ending balances to the general ledger and other supporting documentation and financial reports.

- 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.

Precision Accounting, LLC noted that the Land Grant did not exceed the \$250,000 FDIC insurance on its bank accounts.

3. Capital Assets

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

Precision Accounting, LLC was unable to verify that the Land Grant has an inventory listing that is updated annually and that depreciation is being determined and recorded. Please see finding AP 2015-001 Noncompliance with Capital Assets on page 3.

4. Revenue

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.

Precision Accounting, LLC could not perform the analytical review of approved DFA budget to actual, due to the fact that the entity did not submit a budget to DFA for the fiscal year 2015. However, Precision Accounting, LLC performed an analytical procedure based on the budget and actual transactions that occurred at the entity during the fiscal year 2015 and we had no expenditures over budget. Please note that finding AP 2015-002 Noncompliance with Budgetary Requirements on page 2 is related to the entity not having DFA approval of their budget.

Select a sample of revenues based on auditor judgement and test using the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

Precision Accounting, LLC reviewed revenues and agreed them to the records and the bank statements. Precision Accounting, LLC noted one exception where there was lack of supporting documentation. Please see finding AP 2010-001 Insufficient Supporting Documentation on page 2.

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.

Precision Accounting, LLC reviewed the revenues, noting agreement with proper classification and recording to the records. Precision Accounting, LLC noted one exception where there was lack of supporting documentation. Please see finding AP 2010-001 Insufficient Supporting Documentation on page 2.

5. Expenditures

Select a sample of cash disbursements based on auditor judgement and test using 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 canceled 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Precision Accounting, LLC reviewed expenditures, and noted 9 exceptions out of 40 for lack of supporting documentation. For those expenditures with supporting documentation Precision Accounting, LLC verified the disbursement agrees to the supporting documentation and that the transactions were properly authorized and approved. Please see finding AP 2010-001 Insufficient Supporting Documentation on page 2. Precision Accounting, LLC also verified that the transactions were in compliance with the New Mexico Procurement Code and the State Purchasing Act and Regulations Governing the Per Diem and Mileage Act.

6. Journal Entries

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attribute:

- a) Journal entries appear reasonable and have supporting documentation.

Precision Accounting, LLC was unable to review journal entries as the entity operates on a cash basis and does not make journal entries.

- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Precision Accounting, LLC was unable to review journal entries as the entity operates on a cash basis and does not make journal entries.

7. Budget

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.

Precision Accounting, LLC reviewed the minutes where the original budget and subsequent budget adjustments were approved by the local public body's governing body. Although budget was approved by local governing body, the budget was not submitted to DFA-LGD. Precision Accounting, LLC verified with DFA-LGD that the entity did not submit a budget for fiscal year 2015. Please see finding AP 2015-002 Noncompliance with Budgetary Requirements on page 4.

- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

Precision Accounting, LLC determined that the total actual expenditures did not exceed the original budgeted expenditures. Precision Accounting, LLC could not determine if the expenditures exceeded DFA-LGD's final approved budget due to the fact that the entity did not submit a budget to DFA-LGD for fiscal year 2015. Please see finding AP 2015-002 Noncompliance with Budgetary Requirements on page 4.

- 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.

Precision Accounting, LLC was able to review the original budget approved by the local governing body but could not review the DFA-LGD approved budget as a budget was not submitted to DFA-LGD for approval for fiscal year 2015. Please see finding AP 2015-002 Noncompliance with Budgetary Requirements on page 4.

8. Other

No information has come to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

* * * *

We were not engaged to, and did not conduct an examination or review of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. Accordingly, we do not express such an opinion. 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 Canon De Carnue Land Grant, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division and State legislature and is not intended to be and should not be used by anyone other than those specified parties.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
May 18, 2017

STATE OF NEW MEXICO
Canon de Carnue Land Grant
Enterprise Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Basis)
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues:</i>				
Uncategorized Income	35,000	35,000	56,761	21,761
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>56,761</u>	<u>21,761</u>
<i>Expenditures:</i>				
Current:				
Uncategorized Expenses	49,000	49,000	27,038	21,962
<i>Total expenditures</i>	<u>49,000</u>	<u>49,000</u>	<u>27,038</u>	<u>21,962</u>
Operating income	<u>(14,000)</u>	<u>(14,000)</u>	<u>29,723</u>	<u>43,723</u>
Non-operating revenues:				
Beginning cash balance	-	-	-	-
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net assets (Non-GAAP basis)	<u>\$ (14,000)</u>	<u>\$ (14,000)</u>	<u>\$ 29,723</u>	<u>\$ 43,723</u>

STATE OF NEW MEXICO
Canon de Carnue Land Grant
Schedule of Findings and Responses
June 30, 2015

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
AP 2010-001 Insufficient Supporting Documentation	C	2010-001	2010-001
AP 2010-002 Late Report	D	2010-002	2010-002
AP 2015-001 Noncompliance with Capital Assets	D	N/A	2015-001
AP 2015-002 Noncompliance with Budgetary Requirements	D	N/A	2015-002
Prior Year Findings:			
AP 2010-001 Insufficient Supporting Documentation	C	N/A	2010-001
AP 2010-002 Late Report	D	N/A	2010-002

*** Legend for Findings:**

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

AP 2010-001 Insufficient supporting documentation

CONDITION: During our review of grant expenditures, we noted nine (9) exceptions that had insufficient supporting documentation. During our review of grant revenues, we noted one (1) exception due to insufficient supporting documentation.

CRITERIA: Section 13-1-28 to 13-1-199, NMSA 1978 states that expenditures should be properly authorized, processed and recorded and should have adequate supporting documentation for the disbursement. Section 6-10-2, NMSA 1978 states that the entity maintains a cash record, in detail, of all items of receipts and disbursements.

CAUSE OF CONDITION: Due to the turnover within the Board of Directors, information was not relayed during the transition to the treasurer regarding the requirements for maintaining appropriate supporting documentation for transactions.

EFFECT OF CONDITION: The Land Grant is in violation of Section 13-1-28 to 13-1-199, NMSA 1978 with regard to adequate supporting documentation, which could cause questions as to the validity of the expenditure.

RECOMMENDATION: We recommend that the Land Grant comply with the regulatory requirements regarding maintaining adequate supporting documentation for expenditures.

CLIENT RESPONSE: The Board of Directors will oversee that all expenditures and revenues maintain the proper supporting documentation in order to be in compliance with Section 13-1-28 to 13-1-199 NMSA 1978. President and Treasurer will ensure that this is resolved by June 4, 2017.

STATE OF NEW MEXICO
Canon de Carnue Land Grant
Schedule of Findings and Responses
June 30, 2015

AP 2010-002 Late Report

CONDITION: The annual agreed upon procedures for the year ending June 30, 2015 was not submitted on or before December 1, 2015.

CRITERIA: NMAC 2.2.2.9 requires that the agreed upon procedures be completed and submitted to the New Mexico State Auditor on or before December 1.

CAUSE OF CONDITION: Due to the turnover within the Board of Directors, information was not relayed during the transition to the treasurer regarding the AUP process.

EFFECT OF CONDITION: The Land Grant is in violation of NMAC 2.2.2.9 having failed to submit their agreed upon procedures by the required date which could jeopardize the Land Grant eligibility for funding from the State Legislature and Federal agencies.

RECOMMENDATION: We recommend that the Land Grant comply with the regulatory requirements regarding the completion of the financial and compliance.

CLIENT RESPONSE: Although the deadline date has passed, the Board of Directors will oversee that any future audits or AUP reports will be in compliance with NMAC 2.2.2.9.

President and Treasurer will ensure that reports are submitted on or before the required due date set forth by the NM Office of the State Auditor.

AP 2015-001 Noncompliance with Capital Assets

CONDITION: The entity was unable to provide Precision Accounting, LLC with an inventory listing as required by Section 12-6-10 NMSA 1978

CRITERIA: Section 12-6-10 NMSA 1978 requires that the entity perform a yearly inventory listing that is updated annually and that depreciation is being determined and recorded.

CAUSE OF CONDITION: Due to the turnover within the Board of Directors, information was not relayed during the transition to the treasurer regarding the compliance requirements for capital assets.

EFFECT OF CONDITION: The Land Grant is in violation of Section 12-6-10 NMSA 1978. Precision Accounting, LLC could not verify the capital asset inventory listing.

RECOMMENDATION: We recommend that the Land Grant comply with Section 12-6-10 NMSA 1978 by creating and maintaining an inventory listing that gets certified by the Board every year for its accuracy.

CLIENT RESPONSE: The Board of Directors will pass a resolution on June 4, 2017 to keep and maintain a yearly inventory, performed by the President and Treasurer, in order to be in compliance with Section 12-6-10 NMSA 1978. This will be completed by fiscal year end of 2017.

STATE OF NEW MEXICO
Canon de Carnue Land Grant
Schedule of Findings and Responses
June 30, 2015

AP 2015-002 Noncompliance with Budgetary Requirements

CONDITION: The entity prepared and approved a budget for the fiscal year did not submit a budget to DFA-LGD for fiscal year 2015 but did not submit it to DFA-LGD for approval.

CRITERIA: Section 6-6-2 NMSA 1978, requires that entities submit budgets to DFA-LGD.

CAUSE OF CONDITION: Due to the turnover within the Board of Directors, information was not relayed during the transition to the treasurer regarding the AUP process.

EFFECT OF CONDITION: Precision Accounting, LLC could not determine if the total actual expenditures exceeded the final budget approved by DFA-LGD. Correspondence with DFA confirmed that the entity did not submit a budget in fiscal year 2015.

RECOMMENDATION: We recommend the Land Grant comply with submitting a budget to DFA-LGS for approval.

CLIENT RESPONSE: The Board of Directors approved the fiscal year 2015 budget on June 3, 2014 but failed to submit it to DFA-LGD for approval. The Board of Directors will submit future budgets to DFA-LGD for approval in order to be in compliance with Section 6-6-2 NMSA 1978. This will be resolved by June 4, 2017.

**STATE OF NEW MEXICO
Canon De Carnue Land Grant**

**Exit Conference
Year Ended June 30, 2015**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on May 18, 2017 with the following in attendance:

Canon De Carnue Land Grant

Moises Gonzales, President as of September 1, 2015

Accounting Firm

Melissa R. Santistevan, CPA, CFE, CICA, CGMA
Alexandra Yebra, Staff Accountant