

STATE OF NEW MEXICO
POJOAQUE VALLEY IRRIGATION DISTRICT

TIER 4 AGREED UPON PROCEDURES

JUNE 30, 2010

FIDEL A. BERNAL, PC
CERTIFIED PUBLIC ACCOUNTANT
ALBUQUERQUE, NEW MEXICO

**State of New Mexico
Pojoaque Valley Irrigation District
Table Of Contents
June 30, 2010**

	<u>Page</u>
Official Roster	1
Independent Accountant's Report on Applying Agreed-Upon Procedures	2-5
Schedule of Revenue, Expenses, Budget and Actual	6
Copy of the year-end financial report submitted to DFA-LGD	7-8
Schedule of Findings and Recommendations	9-13
Exit Conference	14

**State of New Mexico
Pojoaque Valley Irrigation District
June 30, 2010**

Board of Directors

Chairman

J. David Ortiz

Vice President

Flavio Gurule

Secretary-Treasurer

Horace Roybal

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

Mr. Hector H Balderas
New Mexico State Auditor
and
Members of the Board
Pojoaque Valley Irrigation District
Santa Fe, NM

We have performed the procedures enumerated below, which were agreed to by Pojoaque Valley Irrigation District (the District), for the year ended June 30, 2010, solely to assist you with respect to the District's compliance for a Tier 4 engagement of Tier 4 of the Audit Act (Section 12-6-1 NMSA 1978 et seq.). The District's management is responsible for the agreed upon procedures for the Tier 4 engagement. 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 Results are as follows:

1. 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.
- 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 (DFA-LGD).
- 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.

Results:

- a) Based on the documents supplied the reconciliations were done in a timely manner and were complete and on-hand.
- b) Random test of bank reconciliations revealed no exceptions. Traced all ending balances to the general ledger, supporting documents and reports submitted to DFA-LGD.
- c) The District currently has one non-interest bearing checking account and one certificate of deposit account. The total amount in these accounts is \$40,492. Under the FDIC coverage limit of \$250,000.

2. Capital Assets:

Procedures:

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

Results:

Capital Assets of the District include data processing equipment, furniture and fixtures, and equipment. The District does not have any infrastructure. The District did not perform a yearly inventory and has no official listing of their capital assets.

See Finding 10-2 Capital Assets

3. Revenue:

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

Procedures:

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Test 50% of the total amount of revenues for 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.

Results:

- a) Analytical review and test of the actual revenue compared to the budget for the year for each type of revenue revealed the District received more revenue than they budgeted for by \$6,428.
- b) Tested \$64,936 of the total revenue of \$128,741. All the deposits tested, agreed to the supporting documentation, bank statements and the general ledger.
- c) All deposits were properly recorded in the general ledger, except for the grant revenue.

See Finding 10-4

4. Expenditures

Select a sample of cash disbursements and test 25 transactions and 50% of the total amount of expenditures for the following attributes:

Procedures:

- 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).

Results:

- a) There were a total of 256 disbursements for the year for a total of \$107,554. We sampled 75 items that totaled \$57,122. All disbursements sampled agreed to supporting documentations. All agreed to amount, payee, date, and description to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) The disbursements were properly authorized and in compliance with the budget, legal requirements, and established policies and procedures.
- c) There was no need to go out to bid all purchases were under the threshold.

5. Journal Entries

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

Procedures:

- 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.

Results:

- a) The District utilized journal entries to record allowance for doubtful accounts, grant revenue, and reimbursements. The journal entries appear to be reasonable, however two of the journal entries for the adjustment to the allowance for doubtful accounts had no supporting documentation. Also, the journal entries for the repair to the Dam reimbursement were recorded to the repair of the Dam expense instead of grant income.
- b) The District's local body does not have procedures in place to review journal entries.

See Finding 10-3

6. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

Procedures:

- 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 so, 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.

Results:

- a) Verified through the minutes and correspondence that the original budget was approved by the District's governing body and DFA-LGD.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures to budget and actual was prepared from the DFA-LGD approved budget and the District's records on the cash budgetary basis, the basis used by the District revealed no exceptions.

Other

Procedures

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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.

Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud or illegal acts.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. 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 specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.



Albuquerque NM
February 19, 2013

State of New Mexico
Pojoaque Valley Irrigation District
Proprietary Fund
Schedule of Revenues, Expenses Budget and Actual (non-GAAP Budgetary Basis)
For the year ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Assessments	\$ 108,687	\$ 108,687	\$ 115,445	\$ 6,758
Dam Repayment	3,700	3,700	4,059	359
Miscellaneous Revenue	22,949	15,000	14,311	(689)
Total revenues	<u>\$ 135,336</u>	<u>\$ 127,387</u>	<u>133,815</u>	<u>6,428</u>
Expenses:				
Salaries	49,424	49,424	49,424	0
Salaries dam tender	8,671	8,671	6,552	2,119
PERA	4,522	4,522	4,707	(185)
Payroll Taxes	4,909	4,909	4,485	424
Office Help	200	200	180	20
Office	1,800	1,800	1,543	257
Postage	1,100	1,100	625	475
Utilities	4,300	4,300	3,149	1,151
Janitorial	800	800	314	486
Building Maintenance	1,500	1,500	310	1,190
O & M Nambe Dam	22,811	22,811	19,425	3,386
O & M SJC	11,593	11,593	11,593	(0)
Office Equipment	1,600	1,600	1,375	225
Audit	3,001	3,001	3,012	(11)
Utilities Nambe Dam	1,700	1,700	1,590	110
Mileage	3,700	3,700	3,154	546
Dam Repayment	3,700	3,700	-	3,700
Ditch Materials	400	400	-	400
Meeting	1,200	1,200	540	660
Nambe Dam Supplies and Repair	450	450	-	-
Election	500	500	354	146
Training	700	700	-	700
Dam tender help	400	400	-	400
Dam improvements	-	-	2,765	(2,765)
Total operating expenses	<u>\$ 128,981</u>	<u>\$ 128,981</u>	<u>115,098</u>	<u>13,433</u>
Excess revenues (loss) over expenditures			<u>\$ 18,717</u>	<u>\$ (7,005)</u>

See accompanying Agreed Upon Procedures Report

POJOAQUE VALLEY IRRIGATION DISTRICT
11 W GUTIERREZ, BOX 3511
SANTA FE, NEW MEXICO 87506
PHONE: (505) 455-2693

July 14, 2010

Isaac Montoya
 Financial Coordinator
 Local Government Division
 Dept. of Finance & Administration
 Bataan Memorial Bldg., Suite 201
 Santa Fe, NM 87501

Dear Mr. Montoya:

The following is the Quarterly Financial Report for the period ending June 30, 2010.

	July 1, 2009	June 30, 2010	
<u>RESOURCES</u>	<u>APPROVED</u>	<u>RECEIVED</u>	<u>BALANCE</u>
	<u>BUDGET</u>		
Cash Balance	\$14,472.86		\$20,239.00
Accts Receivable	15,000.00	3,000.00	12,000.00
Regular Assessments	71,807.00	69,603.00	2,204.00
BIA Assessments	36,880.00	36,881.00	9,224.96
Dam Repayment	3,700.00	3,700.00	-0-
Dam Improvements		3,357.00	
Penalties		8,614.00	
<u>BUDGET STATUS</u>			
<u>Budget Category</u>	<u>APPROVED</u>	<u>EXPENDITURES</u>	<u>VARIANCE</u>
	<u>BUDGET</u>	<u>TO DATE</u>	
Salaries	\$49,424.00	\$ 49,424.00	\$ 0
Salaries (Dam Tender)	8,671.00	6,552.00	2,119.00
PERA	4,522.00	4,707.00	<185.00>
Payroll Taxes	4,909.00	4,485.00	424.00
Election	500.00	354.00	146.00
Office Help	200.00	180.00	20.00
Postage	1,100.00	625.00	475.00
Utilities	4,300.00	3,149.00	1,151.00
Janitorial	800.00	314.00	486.00
Building Maintenance	1,500.00	310.00	1,190.00
Office Expense	1,800.00	1,543.00	257.00
Sub-total	77,726.00	71,643.00	6,083.00

July 14, 2010

POJOAQUE IRRIGATION DISTRICT
QUARTERLY FINANCIAL REPORT (CONTINUED)
PAGE 2

Budget Category	APPROVED BUDGET	EXPENDITURES TO DATE	VARIANCE
Bureau of Reclamation O&M SJC	\$ 11,593.00	11,593.00	- 0-
Bureau of Reclamation O&M Nambe Dam	22,811.00	19,425.00	3,386.00
Office Machine Maintenance	1,600.00	1,375.00	225.00
Audit	3,001.00	3,012.00	< 11.00>
Utilities-Nambe Dam	1,700.00	1,590.00	110.00
Mileage(Dam Tender)	3,700.00	3,154.00	546.00
Nambe Dam Supplies	450.00	-0-	450.00
Dam Repayment	3,700.00	3,700.00	-0-
Ditch Materials	400.00	-0-	400.00
Meeting Expense	1,200.00	540.00	660.00
Training Expense	700.00	-0-	700.00
Dam Tender Help	400.00	-0-	400.00
Dam Improvements	-0-	3,357.00	<3,357.00>
TOTAL	\$ 128,981.00	\$119,389.00	9,592.00

If you have any questions, feel free to call me at 455-2693.

Sincerely,

Patsy Sandoval
Office Manager
PVID

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses
June 30, 2010

PRIOR YEAR FINDINGS:

05-1	Surety Bond	Repeated
09-1	Budgeted Expenditures Exceeded	Resolved

CURRENT YEAR FINDINGS:

05-1 Surety Bond (Repeated)

Condition

The District does not have bonding for Board Members.

Criteria

New Mexico Statutes (Section 73-10-10, NMSA 1978) requires a bond on each member of the Board of Directors in the amount of \$3,000.

Cause

The District has not been able to find an insurance carrier that can meet the bonding needs within a reasonable fee.

Effect

The District is not in compliance with State Statute and there is an increased risk of loss for Board Members.

Recommendation

The District may be able to find affordable coverage by consulting with other similar entities. Alternatively, the District should consider increasing assessments to cover the increased cost. The District should purchase the necessary bond in order to comply with State Statute and prevent further audit findings relating to bonding of Board Members.

Entity Response

The District has attempted to obtain affordable coverage, but has been unable to do so. The District will continue searching for coverage.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2010

10-1 SAO Reporting

Condition

The District did not submit its Tier 4 Agrees Upon Procedures report for the year ended June 30, 2010 by the due date.

Criteria

The New Mexico State Auditor rules require that Special District Tier 4 Agrees Upon Procedures reports be submitted by December 1st of each year. (SAO Rule 2.2.2.9 A (1) (d))

Cause

The District was unable to submit the June 30, 2010, Tier 4 Agrees Upon Procedures Report because an auditor was not retained until October 2012.

Effect

The District is not in compliance with the New Mexico State Auditor Rules and Regulations.

Recommendation

The District needs to ensure that all future audit reports are filed in a timely manner.

Entity Response

Concur the Board of Directors is working on procedures to resolve finding and get all future reports completed in a timely manner.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2010

10-2 Capital Assets

Condition

The District does not maintain a historical listing of capital assets by type and location, i.e.: buildings, furniture and fixtures. Nor does the District take an annual physical count of its assets.

Criteria

Sound accounting and control procedures require that detailed listings of assets be maintained to properly account for and safeguard all the assets of the District (12-6-10 NMSA 1978).

Cause

No formal records of the capital assets were ever maintained.

Effect

Without the accounting and control procedures over the assets acquired, there is the possibility that assets are not being accounted for properly on the financial records and there is the possibility that assets could be misplaced, lost or stolen.

Recommendation

All assets should be properly accounted for and should be documented on a schedule of property, plant and equipment. The detailed property, plant and equipment listing should be reconciled to the general ledger on a periodic basis.

Entity Response

The District will become familiar with Section 12-6-10 so they can come into compliance on inventory and asset management matters.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2010

10-3 Journal Entries

Condition

During the fiscal year 2010 the District performed two non-routine journal entries to adjust the allowance for doubtful accounts totaling \$1,616. Although they appear reasonable, no supporting documentation was available for review. Additionally, the District has no procedures in place for the review of journal entries.

Criteria

Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC 2010 Agreed Upon Procedures Tier 4 of the Audit Act states that agencies shall have procedures in place to review journal entries, be reasonable and have supporting documentation.

Cause

The District was not aware they had to have procedures in place to review the journal entries.

Effect

The District is not in compliance with state statutes and the 2010 Agreed Upon Procedures Tier 4 of the Audit Act.

Recommendation

The District should put procedures in place to review journal entries.

Entity Response

Concur the District will place procedures in place to review journal entries.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2010

10-4 Miscoding of Grant Revenue

Condition

During our testing it came to our attention, the District did not record grant revenue correctly. The District received reimbursements totaling \$3,357 for the repair of the Dam. This revenue is from a grant obtained in 2007 from the State of New Mexico Interstate Stream Commission totaling \$75,000. The District recorded the grant revenue to a Dam expense account, instead of a separate grant revenue account.

Criteria

Section 6-5-2 NMSA 1978 state agencies shall implement internal control designed to prevent accounting errors.

Cause

The District recorded the grant revenue to a Dam expense account, instead of a separate grant revenue account, because the District has no procedures in place to review journal entries.

Effect

The District is not in compliance with state statutes.

Recommendation

The District should implement internal control procedure to ensure that revenue are properly recorded.

Entity Response

Concur the District will implement internal control procedures and record the revenues correctly in the future.

State of New Mexico
Pojoaque Valley Irrigation District
Exit Conference
June 30, 2010

Exit Conference

An exit conference was held on February 19, 2013:

Representing Pojoaque Valley Irrigation District were:

David Ortiz, Chairman

Representing the firm of Fidel A. Bernal, P.C. was:

Fidel A. Bernal, CPA