

STATE OF NEW MEXICO
POJOAQUE VALLEY IRRIGATION DISTRICT

TIER 4 AGREED UPON PROCEDURES

JUNE 30, 2013

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

State of New Mexico
Pojoaque Valley Irrigation District
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June 30, 2013

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**State of New Mexico
Pojoaque Valley Irrigation District
June 30, 2013**

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 (PVID), for the year ended June 30, 2013, 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 procedures were agreed to by the District through the New Mexico Office of the State Auditor. The District's management is responsible for the District'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 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 operating account reconciliations were done in a timely manner and were complete and on-hand. The reconciliation for the savings account was not completed.
- b) Random test of operating account bank reconciliations revealed no exceptions. Traced all ending balances to the general ledger, supporting documents and reports submitted to DFA-LGD. However the general ledger and the supporting documents for the savings account do not match.
- c) The District currently has two bank accounts. The total amount in these accounts is \$9,109. Under the FDIC coverage limit of \$250,000.

See Finding 12-1 Cash Reconciliation

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.

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.

Select a sample of revenues based on auditor judgment and test using 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 \$30,070.
- b) Tested \$15,716 of the total revenue of \$160,120. 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.

b) Finding 13-1 Miscoding of Grant Revenue

4. Expenditures

Select a sample of cash disbursements based on auditor judgment and test using 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 235 disbursements for the year for a total of \$120,742. We sampled 83 items that totaled \$63,762. 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) In the current fiscal year the District utilized journal entries to record payroll taxes and other routine items.
- b) The District's local body does not have procedures in place to review journal entries.

See Finding 10-3 Journal Entries

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.

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES (continued)

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 Districts records on the cash budgetary basis, the basis used by the District revealed no exceptions.

See Finding 12-2 Budget Control of Expenditures (Resolved)

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

As a result of applying the procedures described above:

- a) The District did not have surety bonding for the Board Members.
- b) The District did not comply with submitting an Agreed Upon Procedures Report by the due date.

See findings 05-01 Surety Bond and 10-1 SAO Reporting.

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 State of New Mexico, Pojoaque Valley Irrigation District's Management, Governing Board, and the New Mexico State Auditor's Office, the Department of Finance and Administration-Local Government Division, and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.



Albuquerque NM
February 20, 2014

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, 2013

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Assessments	\$ 126,350	\$ 126,350	\$ 155,917	\$ 29,567
Dam Repayment	3,700	3,700	4,068	368
Miscellaneous Revenue	-	-	135	135
Total revenues	<u>130,050</u>	<u>130,050</u>	<u>160,120</u>	<u>30,070</u>
Expenses:				
Salaries	51,400	51,400	51,400	-
Salaries dam tender	8,700	8,700	9,410	(710)
PERA	4,700	4,700	4,700	-
Payroll Taxes	5,400	5,400	4,867	533
Office Help	200	200	180	20
Office	1,100	1,100	167	933
Postage	750	750	642	108
Utilities	3,250	3,250	3,647	(397)
Janitorial	500	500	322	178
Building Maintenance	500	500	315	185
O & M Nambe Dam	16,677	16,677	18,294	(1,617)
O & M SJC	21,857	21,857	11,828	10,029
Office Equipment	1,000	1,000	1,497	(497)
Audit	4,000	4,000	5,350	(1,350)
Utilities Nambe Dam	1,300	1,300	1,564	(264)
Mileage	3,750	3,750	4,143	(393)
Dam Repayment	3,700	3,700	3,700	-
Ditch Materials	-	-	-	-
Meeting	900	900	849	51
Nambe Dam Supplies and Repair	500	500	39	461
Election	500	500	406	94
Training	500	500		500
Dam tender help	400	400		400
Dam improvements	-	-	-	-
Total operating expenses	<u>\$ 131,584</u>	<u>\$ 131,584</u>	<u>123,320</u>	<u>8,264</u>
Excess revenues (loss) over expenditures			<u>\$ 36,800</u>	<u>\$ 21,806</u>

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

July 10, 2013

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, 2013.

	July 1, 2012	June 30, 2013	
<u>RESOURCES</u>	<u>APPROVED</u>	<u>RECEIVED</u>	<u>BALANCE</u>
	<u>BUDGET</u>		
Cash Balance	3,086.83		2,095.60
Accts Receivable	1,500.00	1,020.00	
Regular Assessments	76,927.74	76,987.00	
BIA Assessments	39,510.74	-0-	39,510.74
Dam Repayment	3,700.00	3,700.00	-0-
2011-12 BIA Assessments	9,881.00	9,881.00	-0-
<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	51,400.00	51,400.00	-0-
Salaries (Dam Tender	8,700.00	9,410.00	<710.00>
PERA	4,700.00	4,700.00	-0-
Payroll Taxes	5,400.00	4,867.00	533.00
Election	500.00	406.00	94.00
Office Supplies	1,100.00	167.00	933.00
Office Help	200.00	180.00	20.00
Postage	750.00	642.00	108.00
Sub-total	72,750.00	71,772.00	978.00

July 10, 2013

POJOAQUE IRRIGATION DISTRICT
QUARTERLY FINANCIAL REPORT (CONTINUED)
PAGE 2

<u>BUDGET CATEGORY</u>	<u>APPROVED BUDGET</u>	<u>EXPENDITURES TO Date</u>	<u>VARIANCE</u>
Utilities	3,250.00	3,647.00	< 397.00>
Janitorial	500.00	323.00	177.00
Building Maintenance	500.00	315.00	185.00
Bureau of Reclamation O & M SJC	21,857.00	11,828.00	10,029.00
Bureau of Reclamation O & M Nambe Dam	16,677.00	18,294.00	< 1,617.00>
Office Machine expense	1,000.00	885.00	115.00
Audit	4,000.00	5,350.00	< 1350.00>
Utilities - Nambe Dam	1,300.00	1,564.00	< 264.00
Mileage (Dam Tender)	3,750.00	4,143.00	< 393.00>
Nambe Dam Supplies	500.00	39.00	461.00
Dam Repayment	3,700.00	3,700.00	-0-
Meeting Expense	900.00	849.00	51.00
Training Expense	500.00	-0-	500.00
Dam Tender Help	400.00	-0-	400.00
TOTAL	131,584.00	122,09.00	8,875.00

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, 2013

PRIOR YEAR FINDINGS:

05-1	Surety Bond	Repeated
10-1	SAO Reporting	Repeated
10-2	Capital Assets	Repeated
10-3	Journal Entries	Repeated
12-1	Cash Reconciliations	Repeated
12-2	Budget control of expenditures	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 obtained coverage on January 13, 2014.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2013

10-1 SAO Reporting (Repeated)

Condition

The District did not submit its Tier 4 Agreed Upon Procedures report for the year ended June 30, 2013 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, 2013, Tier 4 Agrees Upon Procedures Report because an auditor was not retained until November 20, 2013.

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, 2013

10-2 Capital Assets (Repeated)

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, 2013

10-3 Journal Entries (Modified and Repeated)

Condition

During the fiscal year 2013 the District did not performed any non-routine journal entries. However, the District has not put 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 2013 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 statues and the 2013 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 put procedures in place to review journal entries.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2013

12-1 Cash Reconciliations

Condition

The District did not prepare bank reconciliations for the savings account.

Criteria

Sound accounting and control procedures require that the District maintain an accurate cash balance to properly account for all public money (2006 NMSA Section 6-10-2).

Cause

Bank accounts were not reconciled or maintained.

Effect

Without the accounting and control procedures over the bank accounts, there is the possibility that the cash is not being accounted for properly on the financial records and there is the possibility that money could be misplaced, lost or stolen.

Recommendation

All bank accounts should be properly reconciled in a timely manner and should be reconciled to the general ledger.

Response

Concur the District will put procedures in place to perform reconciliations in a timely manner of the savings account, and reconcile to the general ledger.

State of New Mexico
Pojoaque Valley Irrigation District
Schedule of Findings and Responses-continued
June 30, 2013

13-1 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 \$18,000 for the repair of the Dam. 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, 2013

Exit Conference

An exit conference was held on February 20, 2014:

Representing Pojoaque Valley Irrigation District was:

David Ortiz, Chairman

Flavio Gurule, Vice President

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

Fidel A. Bernal, CPA