

**STATE OF NEW MEXICO**  
**VILLAGE OF VIRDEN**  
**Independent Accountants' Report on**  
**Applying Agreed-Upon Procedures**  
**For the Year Ended**  
**June 30, 2013**

**Harshwal & Company LLP**  
**Certified Public Accountants**  
**6739 Academy Road NE, Suite 130**  
**Albuquerque, NM 87102**  
**(505) 814-1201**

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

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**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**OFFICIAL ROSTER**

**YEAR ENDED JUNE 30, 2013**

**Name**

**Title**

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**Board of Directors**

Archie W. Payne  
Rulene Jensen  
Carl Crotts  
Kent Clouse  
Roy Corona

Mayor  
Mayor Pro Tem  
Councilor  
Councilor  
Councilor

**Staff**

Zoann Adams  
Bridget Payne

Clerk  
Asst. Clerk

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

**To: Archie W. Payne, Mayor  
Village of Virden  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico**

We have performed the procedures enumerated below which were agreed to by Village of Virden (Village) and New Mexico State Auditor (the specified parties), solely to users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Revenue, Expenditures, Journal Entries, and Budget information and its compliance with Section 12-6-3B (4) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2013. The Village is responsible for its financial reporting to the State Auditor as described above. 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.

In accordance with Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

**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. For purposes of performing our 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 Village.
  
- 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). For purposes of performing our procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements.

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**

None

**2. CAPITAL ASSETS**

**Procedures**

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

**Findings**

The Village did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 and has not been maintaining capital asset listing. This has been noted as finding 10-2 on page 15 of this report.

**3. 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 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.

**Findings**

None

## **4. EXPENDITURES**

### **Procedures**

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for 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. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.
- 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**

None.

## **5. JOURNAL ENTRIES**

### **Procedures**

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

The Village does not have any procedure for reviewing and approving the journal entries. This has been noted as finding 12-2 on page 17 of this report.

## **6. BUDGET**

### **Procedures**

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.
- 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.

**Findings**

Total actual expenditures exceeded the final budget at the total fund level, the legal level of budgetary control for the water fund. This has been noted as finding 12-3 on page 18 of this report.

**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 (I) (3) (C) NMAC.

**Findings**

The agreed-upon procedures report for the year ending June 30, 2013 was not submitted by the deadline of December 1, 2013. The village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2012. This has been noted as finding 10-4 on page 16 of this report.

The IPA Recommendation Form for Tiered Systems of Local Public Bodies and agreed upon procedures contract was not submitted to the State Auditor prior to the due date of July 1, 2013. Paragraph (6) or Subsection G of 2.2.2.8 NMAC violated. This has been noted as finding 12-4 on page 19 of this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Village's financial reporting to the State Auditor as described above. 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 Village, the New Mexico Office of the State Auditor, and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

**Harshwal & Company LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Albuquerque, New Mexico**  
**December 2, 2013**

**SCHEDULE OF REVENUES &  
EXPENDITURES - BUDGET AND  
ACTUAL (NON GAAP BASIS)**



**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes:				
Property current	\$ 1,625	\$ 1,625	\$ 1,328	\$ (297)
Gross receipts	6,231	6,231	9,711	3,480
Intergovernmental				
Gas tax [0.01 cent]	5,004	5,004	5,004	
County gas tax	16	16		(16)
MVD	357	357	378	21
Small city assistance	35,000	35,000	44,347	9,347
Licenses and permits	42	42	50	8
Charges for services	7,036	7,036	5,805	(1,231)
Refund and other income	700	700	176	(524)
Interest	44	305	1,652	1,347
<b>Total Revenues</b>	56,055	56,316	68,451	12,135
<b>EXPENDITURES</b>				
Administrative - legislative	35,551	43,888	39,148	4,740
Culture and recreation	10,103	14,039	13,141	898
Finance and administration	8,000	8,000	7,546	454
Election	338			0
Street utilities	1,598	2,056	2,658	(602)
<b>Total Expenditures</b>	55,590	67,983	62,493	5,490
<b>Net change in fund balances</b>	465	(11,667)	5,958	17,625
Fund balances, beginning of year	0	0	209,187	209,187
<b>Fund balances, end of year</b>	\$ 465	\$ (11,667)	\$ 215,145	\$ 226,812

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)**

**SPECIAL REVENUE FUNDS**

**YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>FIRE FUND</b>				
<b>REVENUES</b>				
State fire allotment	\$ 53,476	\$ 53,476	\$ 50,968	\$ (2,508)
Fire department interest	<u>66</u>	<u>66</u>	<u>21</u>	<u>(45)</u>
<b>Total revenues</b>	<u>53,542</u>	<u>53,542</u>	<u>50,989</u>	<u>(2,553)</u>
<b>EXPENDITURES</b>	<u>48,705</u>	<u>54,481</u>	<u>50,905</u>	<u>3,576</u>
<b>Net change in fund balances</b>	4,837	(939)	84	1,023
Fund balances, beginning of year	<u>0</u>	<u>0</u>	<u>27,053</u>	<u>27,053</u>
<b>Fund balances, end of year</b>	<u>\$ 4,837</u>	<u>\$ (939)</u>	<u>\$ 27,137</u>	<u>\$ 28,076</u>

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP BASIS)**

**ENTERPRISE FUND**

**YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>WATER FUND</b>				
<b>REVENUES</b>				
Utility services	\$ 15,533	\$ 15,633	\$ 16,230	\$ 597
Connection	235	235	100	(135)
Reconnect	<u>45</u>	<u>45</u>	<u>60</u>	<u>15</u>
<b>Total revenues</b>	<u>15,813</u>	<u>15,913</u>	<u>16,390</u>	<u>477</u>
<b>EXPENDITURES</b>	<u>10,826</u>	<u>11,355</u>	<u>21,782</u>	<u>(10,427)</u>
<b>Net change in fund balances</b>	4,987	4,558	(5,392)	(9,950)
Fund balances, beginning of year	<u>0</u>	<u>0</u>	<u>40,375</u>	<u>40,375</u>
<b>Fund balances, end of year</b>	<u>\$ 4,987</u>	<u>\$ 4,558</u>	<u>\$ 34,983</u>	<u>\$ 30,425</u>

# STATE OF NEW MEXICO

## VILLAGE OF VIRDEN

### YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

#### YEAR ENDED JUNE 30, 2013

Village of Virden

State Finance Report Village of Virden  
GL Period: 06/13  
Summary Report

Page: 1  
Nov 21, 2013 10:29am

Report Criteria:

Electronic File: c:\2013-6 STATEFIN.CSV

Fund Title	Fund No	Beginning Cash	Revenue	Transfer	Expense	Balance Sheet Changes	Ending Cash	Outstanding Deposits	Outstanding Checks	Adjustments	Total	Ending Bank Balance	Difference
General Fund	101	117,969.82	26,192.95	.00	62,493.58	4,094.88	128,406.86	2,280.14	4,855.13		130,981.85	130,981.85	.00
<b>Group 1 Totals:</b>		<b>117,969.82</b>	<b>26,192.95</b>	<b>.00</b>	<b>62,493.58</b>	<b>4,094.88</b>	<b>128,406.86</b>	<b>2,280.14</b>	<b>4,855.13</b>		<b>130,981.85</b>	<b>130,981.85</b>	<b>.00</b>
Fire Fund	209	30,758.56	50,988.66	.00	50,906.13	.00	30,841.86	.00	198.22		31,040.08	31,040.08	.00
<b>Group 2 Totals:</b>		<b>30,758.56</b>	<b>50,988.66</b>	<b>.00</b>	<b>50,906.13</b>	<b>.00</b>	<b>30,841.86</b>	<b>.00</b>	<b>198.22</b>		<b>31,040.08</b>	<b>31,040.08</b>	<b>.00</b>
Water Fund	500	48,184.55	16,389.87	.00	21,782.33	2,653.59	45,158.40	375.88	11,425.02		56,207.54	56,207.54	.00
<b>Group 3 Totals:</b>		<b>48,184.55</b>	<b>16,389.87</b>	<b>.00</b>	<b>21,782.33</b>	<b>2,653.59</b>	<b>45,158.40</b>	<b>375.88</b>	<b>11,425.02</b>		<b>56,207.54</b>	<b>56,207.54</b>	<b>.00</b>
<b>Grand Totals:</b>		<b>196,912.93</b>	<b>41,185.58</b>	<b>.00</b>	<b>135,182.04</b>	<b>6,748.47</b>	<b>204,407.12</b>	<b>2,656.02</b>	<b>16,478.37</b>		<b>218,229.47</b>	<b>218,229.47</b>	<b>.00</b>

# STATE OF NEW MEXICO

## VILLAGE OF VIRDEN

### YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

#### YEAR ENDED JUNE 30, 2013

Village of Virden

State Finance Report Village of Virden

Page: 1

GL Period: 06/13

Nov 21, 2013 10:30am

Detail Report

Report Criteria:

Electronic File: c:\2013-6 STATEFIN.CSV

Receipts	Fund	Line Item	Qtr. Reporting	Year to Date Total	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Received
<b>Group 1</b>									
Property Current	101	30	337.04	1,328.48	1,625.00	.00	1,625.00	296.52	81.75
Bus License/Reg	101	32	21.55	50.10	42.00	.00	42.00	8.10 -	119.29
Rent	101	33	1,640.00	5,805.00	7,036.00	.00	7,036.00	1,231.00	82.50
Gross Receipts	101	311	1,881.92	11,043.00	6,231.00	.00	6,231.00	4,812.00 -	177.23
Gas Tax (.01 cent)	101	312	1,251.00	5,421.00	5,004.00	.00	5,004.00	417.00 -	108.33
County Gas Tax	101	313	.00	.00	16.00	.00	16.00	16.00	.00
MVD	101	314	95.56	377.83	357.00	.00	357.00	20.83 -	105.83
Small City Assistance	101	315	.00	44,347.32	35,000.00	.00	35,000.00	9,347.32 -	126.71
Savings Account Interest	101	10080	12.41 -	96,393.64 -	.00	.00	.00	96,393.64	.00
Interest Income - Savings	101	70100	12.41	1,652.23	43.53	261.23	304.76	1,347.47 -	542.14
Reimburse/Refund	101	70280	.00	175.73	700.00	.00	700.00	524.27	25.10
<b>General Fund Totals:</b>			<b>5,227.07</b>	<b>26,192.95 -</b>	<b>56,054.53</b>	<b>261.23</b>	<b>56,315.76</b>	<b>82,508.71</b>	<b>46.51 -</b>
<b>Group 1 Totals:</b>			<b>5,227.07</b>	<b>26,192.95 -</b>	<b>56,054.53</b>	<b>261.23</b>	<b>56,315.76</b>	<b>82,508.71</b>	<b>46.51 -</b>
<b>Group 2</b>									
State Fire Allot	209	70130	.00	50,968.00	53,476.00	.00	53,476.00	2,508.00	95.31
Fire Department Interest	209	70140	1.66	20.66	66.00	.00	66.00	45.34	31.30
<b>Fire Fund Totals:</b>			<b>1.66</b>	<b>50,988.66</b>	<b>53,542.00</b>	<b>.00</b>	<b>53,542.00</b>	<b>2,553.34</b>	<b>95.23</b>
<b>Group 2 Totals:</b>			<b>1.66</b>	<b>50,988.66</b>	<b>53,542.00</b>	<b>.00</b>	<b>53,542.00</b>	<b>2,553.34</b>	<b>95.23</b>
<b>Group 3</b>									
Util Services	500	70	20.00	80.00 -	.00	100.00	100.00	180.00	80.00 -
Util Services	500	70120	5,023.72	16,309.87	15,533.00	.00	15,533.00	776.87 -	105.00
Connect	500	70130	100.00	100.00	235.00	.00	235.00	135.00	42.55
Re-Connect	500	70140	45.00	60.00	45.00	.00	45.00	15.00 -	133.33
<b>Group 3 Totals:</b>			<b>5,188.72</b>	<b>16,389.87</b>	<b>15,813.00</b>	<b>100.00</b>	<b>15,913.00</b>	<b>476.87 -</b>	<b>103.00</b>
<b>Unclassified Revenue Totals:</b>			<b>.77 -</b>	<b>.77 -</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.77</b>	<b>.00</b>

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**YEAR-END FINANCIAL REPORT SUBMITTED TO DFA**

**YEAR ENDED JUNE 30, 2013**

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Village of Virden

State Finance Report Village of Virden

Page: 2

GL Period: 06/13

Nov 21, 2013 10:30am

Detail Report

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Receipts	Fund	Line Item	Qtr. Reporting	Year to Date Total	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Received
<b>Revenue Grand Totals:</b>			<u>10,416.68</u>	<u>41,184.81</u>	<u>125,409.53</u>	<u>361.23</u>	<u>125,770.76</u>	<u>84,585.95</u>	<u>32.75</u>

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# STATE OF NEW MEXICO

## VILLAGE OF VIRDEN

### YEAR-END FINANCIAL REPORT SUBMITTED TO DFA

#### YEAR ENDED JUNE 30, 2013

Village of Virden

State Finance Report Village of Virden  
GL Period: 06/13  
Detail Report

Page: 3  
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Disbursements	Fund	Line Item	Qtr. Reporting	Year to Date Total	Year to Date Encumbrances	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Expended
Water Fund Totals:			.00	.00	.00	.00	.00	.00	.00	.00
Group 1										
Administrative Legislative	101	90	8,194.57	39,148.07	.00	35,551.00	8,336.66	43,887.66	4,739.59	89.20
Culture and Recreation	101	91	3,582.81	13,141.18	.00	10,103.00	3,935.65	14,038.65	897.47	93.61
Finance and Administration	101	93	4,527.85	7,546.41	.00	8,000.00	.00	8,000.00	453.59	94.33
Election	101	94	.00	.00	.00	338.00	338.00	.00	.00	.00
Street Utilities	101	95	901.93	2,657.92	.00	1,598.00	458.00	2,056.00	601.92	129.28
General Fund Totals:			17,207.16	62,493.58	.00	55,590.00	12,392.31	67,982.31	5,488.73	91.93
<b>Group 1 Totals:</b>			<b>17,207.16</b>	<b>62,493.58</b>	<b>.00</b>	<b>55,590.00</b>	<b>12,392.31</b>	<b>67,982.31</b>	<b>5,488.73</b>	<b>91.93</b>
Group 2										
Expenditure	209	90	2,193.68	50,906.13	.00	48,705.00	5,776.00	54,481.00	3,574.87	93.44
<b>Group 2 Totals:</b>			<b>2,193.68</b>	<b>50,906.13</b>	<b>.00</b>	<b>48,705.00</b>	<b>5,776.00</b>	<b>54,481.00</b>	<b>3,574.87</b>	<b>93.44</b>
Group 3										
Expenditures	500	90	13,068.86	21,782.33	.00	10,826.00	529.00	11,355.00	10,427.33	191.83
<b>Group 3 Totals:</b>			<b>13,068.86</b>	<b>21,782.33</b>	<b>.00</b>	<b>10,826.00</b>	<b>529.00</b>	<b>11,355.00</b>	<b>10,427.33</b>	<b>191.83</b>
Unclassified Expenditure Totals:			.00	.00	.00	.00	.00	.00	.00	.00
<b>Expenditure Grand Totals:</b>			<b>32,469.70</b>	<b>135,182.04</b>	<b>.00</b>	<b>115,121.00</b>	<b>18,697.31</b>	<b>133,818.31</b>	<b>1,363.73</b>	<b>101.02</b>

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**1. Current Year Findings**

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Physical Inventory and Capital Listing	D	10-2	10-2
Late Submission of the Agreed Upon Procedures Report	D	10-4	10-4
Lack of Internal Control Over Journal Entries	C	12-2	12-2
Budget Overages	D	12-3	12-3

**Follow-up on Prior Year Findings:**

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Status</u>
Bank Reconciliation	D	10-1	Resolved
Physical Inventory and Capital Listing	D	10-2	Repeated
Inappropriate Classification	C	12-1	Resolved
Lack of Internal Control Over Journal Entries	C	12-2	Repeated
Budget Overages	D	12-3	Repeated
Late Submission of the Agreed Upon Procedures Report	D	10-4	Repeated

**\* Legend for Findings:**

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



**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**10-2 Physical Inventory and Capital Listing**

**Condition:** During the year ended June 30, 2013, the entity's capital asset listing was not kept in accordance with the Section 12-6-10 NMSA 1978 requirements. In addition, an adequate physical inventory has not been completed.

**Criteria** Capital asset records and yearly inventory should be maintained in accordance with Section 12-6-10 NMSA 1978. The records should be detailed enough that program management is able to adequately and efficiently identify and locate any and all items.

**Effect:** The Village has not complied with Section 12-6-10 NMSA 1978 requirements.

**Cause:** The entity does not have controls in place to ensure that all capital asset additions and disposals are captured by the accounting system in a timely manner.

**Recommendations:** We recommend the Village to perform physical inventory count of capital assets and maintain documentation of the inventories at hand.

**Agency Response:** The Village has a plan to do a physical inventory of its assets and to prepare a Capital assets listing. Caselle has been contacted to see if they have a piece of software that would track the capital assets in the official records.

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**10-4 Late Submission of the Agreed Upon Procedures Report**

**Criteria:** 2.2.2 NMAC, Audit Rule 2013, specifies the deadline for submission of agreed-upon procedures report. Section 2.2.2.16 H stipulates that Village reports are due no later than December 1. Further, Section 2.2.2.9 A (2) requires that submission of a late report shall be reported as current year audit finding in the audit report.

**Effect:** The agreed-upon procedures report for the year ending June 30, 2013 was not submitted by the deadline of December 1, 2013.

**Cause:** There was a delay in submitting the IPA recommendation form and contract to the State Auditor's Office. The Village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2013.

**Recommendations:** Management should ensure that contract be executed on a timely manner to ensure that report will be submitted on or before the deadline.

**Agency Response:** There was a miss communication between the Auditors and the Village. The Village was not able to schedule the Audit soon enough to meet the December 1, deadline.

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**12-2 Lack of Internal Control Over Journal Entries**

***Effect:*** The Village did not have adequate internal controls for reviewing and approving the journal entries entered into accounting system.

***Criteria:*** Good accounting practices state that journal entries should be completed by knowledgeable staff and then reviewed and approved by someone other than the person initiating the journal entry.

***Effect:*** Without proper review and approval of these journal entries, errors or irregularities could go undetected. The Village may be at risk for fraudulent activity without a proper review and approval process over journal entries.

***Cause:*** Due to small nature of operation and limited number of business office staff, the Village does not have a formal system of review and approval process of journal entries.

***Recommendations:*** The Village should update their policies and procedures manual for review and approval of journal entries and implement a procedure to insure the journal entries are reviewed, approved and supported.

***Agency Response:*** The Village will implement a procedure to ensure journal entries are reviewed and approved by the council.

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**12-3 Budget Overages**

***Effect:*** During our analysis of budget to actual reports for the year ended June 30, 2013, we noted the total expenditures exceeded the total budgeted amounts resulting in water fund with over expended budgets totaling \$10,427.

***Criteria:*** State Statute 6-6-6 NMSA 1978 requires that local government spending does not exceed budgeted amounts at the fund level, unless the Commission approves a budget adjustment.

***Effect:*** The Village has not complied with the requirement to ensure adequate cash is available for budgeted expenditures. Therefore, they could be budgeting cash that is not available and be in violation of 6.20.2.9 NMAC.

***Cause:*** The Village did not follow proper internal control procedures. The Village may have lost valuable resources.

***Recommendations:*** We recommend the Village develops and adheres to a system that tracks the budget effectively to ensure budgetary compliance.

***Agency Response:*** Due to equipment failure the Village was over budget. The money was in the account but not on the books. The Village will follow proper procedure to increase the budget if needed, to stay in compliance.

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2013**

**12-4 Late Submission of IPA Recommendation Form and AUP Contract**

**Condition:** The IPA Recommendation Form for Tiered Systems of Local Public Bodies and agreed upon procedures contract was not submitted to the State Auditor prior to the due date of July 1, 2013. The contract was prepared on November 01, 2013 and received by the State Auditor's office on March 10, 2014. The contract was approved by the State Auditor on April 21, 2014.

**Criteria:** New Mexico State Auditor Rule Section 2.2.2.8 A (G) (6) (c) requires that Local Public Bodies submit the required IPA Recommendation Form for Tiered System Local Public Bodies and the completed agreed upon procedures contract to the State Auditor by July 1.

**Effect:** The Village has not complied with the State Auditor Rule Requirements of completing and submitting the IPA Recommendation Form for the Tiered System of Local Public Bodies and the agreed upon procedures contract by the due date. Paragraph (6) or Subsection G of 2.2.2.8 NMAC violated.

**Cause:** The Village management was unaware of the deadline.

**Recommendations:** The Village should contract with approved auditor timely and should comply with the NMAC contract submission requirements.

**Agency Response:** The 2013 audits for the Village of Virden and the 2012 audits were done in November of 2013. During the beginning of 2013 the Village of Virden had to make some drastic changes due to illness of the previous Clerk. The Assistant Clerk/Treasurer was left with little or no knowledge of what needed to be done for the end of the year. With little training provided by the previous clerk the new clerk did the best she could. Here financials training was through Caselle Software and was in contact with the State Finance Department and the year end financials and Audits were discussed.

**STATE OF NEW MEXICO**

**VILLAGE OF VIRDEN**

**EXIT CONFERENCE**

**YEAR ENDED JUNE 30, 2013**

The report contents were discussed at an exit conference held on November 22, 2013 with the following in attendance:

**Village of Virden**

Archie W. Payne, Mayor  
Zoann Adams, Clerk/Treasurer  
Bridget Payne, Clerk

**Harshwal & Company LLP**

Nash Nachiappan, CPA