

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
TIER 5 AGREED UPON PROCEDURES REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2019

	<b>Page</b>
TABLE OF CONTENTS	
OFFICIAL ROSTER	1
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	2
CAPITAL OUTLAY AWARDS	3
AGREED UPON PROCEDURES:	
Schedule of Procedures and Results	4 - 13
Schedule of Revenues, Expenditure, and Changes in Fund Balance - Budget(Non-GAAP Budgetary Basis) and Actual	14 - 18
Schedule of Findings and Responses	19 - 24
Entrance and Exit Conference	25
Copy of Year- End Financial Report to DFA	26 - 30

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICIAL ROSTER  
JUNE 30, 2019

**Board of Supervisors**

<b>NAME</b>	<b>TITLE</b>
Rulene Jensen	Mayor
Shannon Kempton	Council Member
Jacob Bigler	Council Member
Jackie Hale	Council Member
Donald Payne	Council Member

**Village Personnel**

Bridget Payne	Deputy Clerk
Kassi Mortensen	Clerk/ Treasurer
Kristie Wright	Clerk/ Treasurer



INDEPENDENT ACCOUNTANTS'  
REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Brian Colón, State Auditor  
and the Board of Supervisors of the  
Village of Virden, New Mexico

We have performed the procedures enumerated in the attached schedule of procedures and results, which were agreed to by the Office of the State Auditor and the Village of Virden, have specified, listed in the attached schedule, as require by Tier 5 of the Audit Act- Section 12-6-3B(6) NMSA 1978 and Section 2.2.2.16 NMAC for the year ended June 30, 2019. Village of Virden's management is responsible for the Village'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 in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are included in the attached schedule.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter of the Village of Virden for the year ending June 30, 2019. Accordingly, the firm does not express such an opinion or conclusion. 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 Village of Virden, the New Mexico State Auditor's Office, Department of Finance 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.

*Beasley Mitchell & Co LLP*

Beasley, Mitchell & Co.  
Las Cruces, New Mexico  
December 16, 2019

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
CAPITAL OUTLAY AWARDS

**Legislative  
Allocation  
15-0791 DFA**

Amount awarded	\$ 75,000
Received through June 30, 2019	54,454
Expended through June 30, 2019	<u>54,454</u>
Remaining balance as of June 30, 2019	<u><u>\$ 20,546</u></u>
 Project effective date through	 June 30, 2019

**Legislation:**

The Legislative Allocation is authorized by the Laws of 2014, Chapter 66.

The amounts received and expended as shown above are cumulative amounts from grant inception through June 30, 2019.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**1. Revenue Calculation and Tier Determination**

**Procedures**

Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osa.org](http://www.osa.org) under "Tiered System Reporting Main Page".

**Results of Procedure**

Village of Virden (Village) had revenue excluding federal grants and capital asset appropriations of \$216,196; further, the Village received and expended capital appropriations funds, therefore a Tier 5 agreed upon procedure engagement is required.

**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.
- b) Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.
- 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 of Procedure**

- a) We obtained bank statements and corresponding reconciliation's for 5 out of 12 months (42%) of the Village's accounts for the fiscal year ending June 30, 2019. No exceptions were noted as a result of this procedure. Bank reconciliation's were completed in a timely manner, and all bank statements and reconciliation's were complete and on hand.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**2. Cash (Continued)**

**Results of Procedure**

- b) It was noted that 7 out of 20 reconciliations tested did not tie to the general ledger with a total difference in cash of \$10,249. We obtained all quarterly DFA reports for the Village for the fiscal year ending June 30, 2019. It was also noted that 16 out of 16 reconciliations did not tie to the financial reports submitted to DFA. This finding is detailed in our Schedule of Findings (2019-005).
  
- c) The Village of Virden's deposits are required to be collateralized in accordance with Section 6-10-17 NMSA 1978, NM Public Money Act. Pledged collateral documentation was reviewed for the year ending June 30, 2019 no exceptions were noted as a result of this procedure. The Village is in compliance with collateralizing uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

**3. Capital Assets**

**Procedure**

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

**Results of Procedure**

The Village's inventory count was not completed during FYE 19. Proper certification by the governing body was not performed during FYE 19. This finding is detailed in our Schedule of Findings (2019-003).

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**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 revenues 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.

**Results of Procedures**

- a) Actual revenue compared to budgeted revenue for the fiscal year is reasonable and within expectations. The variance analysis for the budgets to actual may be noted in the budgetary analysis on pages 14 - 18.
- b) A sample of 7 deposits totaling \$134,958 were tested. No exceptions were noted as a result of this procedure. Amounts recorded in the general ledger agreed with supporting documents.
- c) A sample of 7 deposits totaling \$134,958 were tested. No exceptions were noted as a result of this procedure. Amounts were recorded on a cash basis as to classification, amount and period per review of supporting documentation.



STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**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 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).

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**Results of Procedures**

- a) 29 expenditures totaling \$38,950 were tested. No exceptions were noted as a result of this procedure. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee date and description agreed with the vendor's invoice, purchase order, contract, and canceled check, as appropriate.
- b) 2 out of 6 disbursements tested related to payroll expense were not properly authorized and approved in compliance with established policies and procedures totaling \$988.60. 33 out of 35 disbursements tested were properly authorized and approved in compliance with the budget, legal requirements, and established policies and procedures totaling \$37,961.52. This finding is detailed in our Schedule of Findings (2019-001).
- c) 6 out of 6 per diem disbursements tested were not in accordance with the Per Diem and Mileage Act (2.42.2 NMAC). The Village was reimbursing \$.44 cents totaling \$825.58 per mile rather than the \$.43 required by the State of New Mexico Travel & Mileage Rates. The difference totaled \$8.25. No authorization was noted by the governing board for the actual reimbursement rate. This finding is detailed in our Schedule of Findings (2019-002).

No exceptions were noted as a result of this procedure for the bid process (or request for proposal process, if applicable), contracts and agreements were processed in accordance with the New Mexico Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**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.

**Results of Procedure**

- a) The Village did not perform any non-routine journal entries during the FYE 19.
- b) The Village did not perform any non-routine journal entries during the FYE 19.

**7. 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 budgets 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.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**7. Budget (Continued)**

**Results of Procedure**

- a) The review of Board minutes and letter from the State indicated that the budget and budget adjustments were approved by the board and the DFA.
- b) Total actual expenditures from the general ledger exceeded budgeted amounts by \$7,336 in the capital projects fund as disclosed in the variance analysis for budget to actual on page 16.
- c) A schedule of revenue and expenditures - budget and actual was prepared from Village of Virden records on cash budgetary basis on pages 14 - 18.

**8. Capital Outlay Appropriations**

**Procedures**

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 5 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the Tier 5 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**8. Capital Outlay Appropriations (Continued)**

**Procedures (Continued)**

- c) Determine that the bid process (or request for proposal process is applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**8. Capital Outlay Appropriations (Continued)**

**Results of Procedure**

- a) No exceptions were noted as a result of this procedure. Amount recorded agrees with disbursed amounts and have adequate support.
- b) No exceptions were noted as a result of this procedure. Cash disbursements were properly authorized in accordance with budget and legal requirements
- c) No exceptions were noted as a result of this procedure. Capital outlay expenses were tested and properly procured.
- d) No exceptions were noted as a result of this procedure. Observation of remodeled kitchen in event center and related purchases were noted.
- e) No exceptions were noted as a result of this procedure. All required reports were submitted timely.
- f) No exceptions were noted as a result of this procedure. Procedure not applicable as funding is done on a reimbursement basis.
- g) No exceptions were noted as a result of this procedure. Remaining balance of \$354 in FY 18 for Colonias Grant CI-3192 was reverted per statue and agreement with the grantor. Additionally, in FY 19 a total of \$ 9,843 was unspent for the Legislative Allocation 15-079 and reverted per statue and agreement with the grantor after year end.
- h) No exceptions were noted as a result of this procedure. It was noted that the appropriation had been done on a reimbursement basis thus the Village does not hold any grant monies.
- i) No exceptions were noted as a result of this procedure. All costs were expensed prior to reimbursement and all supporting documentation was available.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF PROCEDURES AND RESULTS

**9. 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(1)(3)(C) NMAC.

**Results of Procedure**

No exceptions were noted as a result of this procedure.

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes:				
Property	\$ 1,500	\$ 1,500	\$ 794	\$ (706)
Gross receipts	10,000	10,000	7,361	(2,639)
Gas tax	5,004	5,004	4,587	(417)
Motor vehicle tax	350	350	165	(185)
State sources	90,000	90,000	90,000	-
Charges for services	14,330	14,330	12,147	(2,183)
Miscellaneous	600	600	438	(162)
Total revenues	<u>121,784</u>	<u>121,784</u>	<u>115,492</u>	<u>(6,292)</u>
EXPENDITURES:				
General government	84,059	84,059	54,355	29,704
Public Works	2,700	2,700	2,843	(143)
Other miscellaneous	6,000	6,000	-	6,000
Culture recreation	12,240	12,240	14,812	(2,572)
Total expenditures	<u>104,999</u>	<u>104,999</u>	<u>72,010</u>	<u>32,989</u>
Net changes in fund balance	16,785	16,785	43,482	(39,281)
Fund balance - beginning of the year	<u>266,145</u>	<u>266,145</u>	<u>266,145</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 282,930</u>	<u>\$ 282,930</u>	<u>\$ 309,627</u>	<u>\$ (39,281)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ <u>43,482</u>	
Net change in fund balance GAAP basis			<u>\$ 43,482</u>	



STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
SPECIAL REVENUE FUND - FIRE PROTECTION  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State Sources	\$ 75,667	\$ 75,667	\$ 80,914	\$ 5,247
Miscellaneous	<u>40</u>	<u>40</u>	<u>123</u>	<u>83</u>
Total revenues	75,707	75,707	81,037	5,330
EXPENDITURES:				
Public safety	<u>71,659</u>	<u>71,659</u>	<u>42,390</u>	<u>29,269</u>
Total expenditures	<u>71,659</u>	<u>71,659</u>	<u>42,390</u>	<u>29,269</u>
Net changes in fund balance	4,048	4,048	38,647	34,599
Fund balance - beginning of the year	<u>114,178</u>	<u>144,178</u>	<u>144,178</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 118,226</u>	<u>\$ 148,226</u>	<u>\$ 182,825</u>	<u>\$ 34,599</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 38,647</u>	
Net change in fund balance GAAP basis			<u>\$ 38,647</u>	

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
CAPITAL PROJECT FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 182	\$ 182
Interest income	<u>30</u>	<u>30</u>	<u>48</u>	<u>18</u>
Total revenues	30	30	230	200
EXPENDITURES:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>7,336</u>	<u>(7,336)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>7,336</u>	<u>(7,336)</u>
Excess of revenues over expenditures	<u>30</u>	<u>30</u>	<u>(7,106)</u>	<u>(7,136)</u>
Net changes in fund balance	<u>30</u>	<u>30</u>	<u>(7,106)</u>	<u>(7,136)</u>
Fund balance - beginning of the year	<u>96,026</u>	<u>96,026</u>	<u>96,026</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 96,056</u>	<u>\$ 96,056</u>	<u>\$ 88,920</u>	<u>\$ (7,136)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ <u>(7,106)</u>	
Net change in fund balance GAAP basis			<u>\$ (7,106)</u>	

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State Sources	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Principal and Interest	1,835	1,835	1,835	-
Total expenditures	1,835	1,835	1,835	-
Excess (deficiency) of revenues over expenditures	(1,835)	(1,835)	(1,835)	-
OTHER FINANCING USES				
Transfers in	1,835	1,835	1,835	-
Total other financing uses	1,835	1,835	1,835	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ENTERPRISE FUND- WATER AND SEWER  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Charges for Services	\$ 13,795	\$ 13,795	\$ 16,928	\$ 3,133
Miscellaneous	<u>60</u>	<u>60</u>	<u>3,899</u>	<u>3,839</u>
Total revenues	13,855	13,855	20,827	6,972
EXPENDITURES:				
Operating	<u>26,625</u>	<u>26,625</u>	<u>17,173</u>	<u>9,452</u>
Total expenditures	<u>26,625</u>	<u>26,625</u>	<u>17,173</u>	<u>9,452</u>
Excess (deficiency) of revenues over expenditures	<u>(12,770)</u>	<u>(12,770)</u>	<u>3,654</u>	<u>16,424</u>
Net changes in fund balance	<u>(12,770)</u>	<u>(12,770)</u>	<u>3,654</u>	<u>16,424</u>
Fund balance - beginning of the year	<u>64,955</u>	<u>64,955</u>	<u>64,955</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 52,185</u>	<u>\$ 52,185</u>	<u>\$ 68,609</u>	<u>\$ 16,424</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 3,654</u>	
Net change in fund balance GAAP basis			<u>\$ 3,654</u>	

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**PRIOR YEAR FINDINGS**

**CURRENT STATUS**

2019-005	DFA Report Not in Agreement with General Ledger	Revised and Repeated
----------	---	----------------------

**CURRENT YEAR FINDINGS**

**CURRENT STATUS**

2019-001	Lack of Approval of Payroll Timesheets	New
2019-002	Inaccurate Per Diem Rates	New
2019-003	Capital Asset	New
2019-004	Budgetary Control	New

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**DFA Report Not in Agreement with General Ledger 2019-005 (2016-001) - Other  
Noncompliance**

---

<b>CONDITION</b>	It was noted that 7 out of 20 reconciliations tested did not tie to the general ledger with a total difference in cash of \$10,249. It was also noted that 16 out of 16 reconciliations did not tie to the financial reports submitted to DFA. The Village has made progress towards implementing prior year planned corrective action plan that included reconciling general ledger amounts to the DFA report. The Village Deputy Clerk is closely working with DFA budget analyst to correct this issue in future fiscal years.
<b>CRITERIA</b>	The Department of Finance and Administration regulations require that financial reports be prepared from the entity's general ledger, and that reports reflect all transaction that the entity has made for the period of the report.
<b>CAUSE</b>	The Village did not follow its reconciliation policy regarding the DFA financial report.
<b>EFFECT</b>	Improper reporting could lead to transaction misinterpretation by DFA, and misinterpretation of financials by the Legislative Finance Committee and the New Mexico Legislature. In addition, DFA regulations have been violated.
<b>RECOMMENDATION</b>	It is recommended that the Village review the reconciliation process, and establish internal controls to mitigate the risk of error. Reconciliations should be reviewed and approved by management.
<b>RESPONSE</b>	The Village will compare the general ledger to the DFA report for accuracy. This will be done commencing with the next quarterly report due for the quarter ended March 31, 2020.

**EXPECTED COMPLETION DATE:** June 30, 2020

**EMPLOYEE RESPONSIBLE:** Deputy Clerk

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**Lack of Approval of Payroll Timesheets (2019-001) - Significant Deficiency**

---

<b>CONDITION</b>	During expense testwork, it was noted that in 2 out of 6 payroll samples selected for pay periods 9/28/18 and 11/30/18 totaling \$988.60, employee timesheets were missing a supervisor approval signature.
<b>CRITERIA</b>	NMAC 2.20.5.8 states that each local body shall establish and maintain an internal control structure to provide management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls. The entity should establish sufficient internal controls over employee files and payroll processing.
<b>CAUSE</b>	Lack of management oversight.
<b>EFFECT</b>	Lack of management oversight may lead to unauthorized expenses related to payroll.
<b>RECOMMENDATION</b>	The Village should ensure there are internal controls in place to prevent unauthorized expenses related to payroll.
<b>RESPONSE</b>	The Village has policies in place to review and approve employee timesheets every pay period. The Village will ensure to review all employee timesheets for approval of supervisor moving forward.

**EXPECTED COMPLETION DATE:** June 30, 2020

**EMPLOYEE RESPONSIBLE:** Deputy Clerk

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**Inaccurate Per Diem Rates (2019-002) - Other Noncompliance**

---

<b>CONDITION</b>	During expense test work, it was noted that in 6 out of 6 per diem samples totaling \$825.58 , employees were reimbursed \$.44 per mile, .01 cent more than the required rate in the State of New Mexico and a total difference of \$8.25.
<b>CRITERIA</b>	Per the State of New Mexico Travel & Mileage Rates, mileage reimbursement should be made at a rate of \$.43 per mile.
<b>CAUSE</b>	The Village had been using an old Travel Form template that indicated reimbursement of \$.44 per mile.
<b>EFFECT</b>	Mileage reimbursement can be overstated if rates are not accurate and up to date.
<b>RECOMMENDATION</b>	The Village should update per diem rates every year to assure reimbursement rates remain accurate.
<b>RESPONSE</b>	The Village is currently working on updating Travel Forms with accurate per diem rates.

**EXPECTED COMPLETION DATE:** June 30, 2020

**EMPLOYEE RESPONSIBLE:** Deputy Clerk



STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

**Capital Assets (2019-003) - Other Noncompliance**

---

<b>CONDITION</b>	An annual physical inventory of assets for the fiscal year June 30, 2019 was not performed or certified by the Village's board.
<b>CRITERIA</b>	2.2.10.W.2 Agencies shall conduct an annual physical inventory of chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of Section 12-6-10 NMSA 1978. The agency governing authority shall certify the correctness of the inventory after the physical inventory. This certification shall be provided to the agency's auditors.
<b>CAUSE</b>	The Village has experienced high turnover in clerk positions. An asset inventory list had not been kept up to date in FY 19. The Deputy Clerk at the time of the engagement was not aware of the certification requirement for physical inventory of assets, therefore, the annual inventory was not certified by the board.
<b>EFFECT</b>	The Village is not in compliance with NMAC 2.2.10.W.2.
<b>RECOMMENDATION</b>	We recommend that the board certify the annual inventory upon completion of the physical inventory.
<b>RESPONSE</b>	The Village will have the board certify the correctness of the annual inventory following the completion of the inventory.

**EXPECTED COMPLETION DATE:** June 30, 2020

**EMPLOYEE RESPONSIBLE:** Deputy Clerk

STATE OF NEW MEXICO  
 VILLAGE OF VIRDEN  
 OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2019

**Budgetary Control (2019-004) - Other Non-Compliance**

---

**CONDITION**                    The actual expenditures incurred in the capital project fund were greater than the budgeted expenditures. The Village did not submit a corrected budget.

Fund	Budget Expenses	Actual Expenses	Difference
Capital Project Fund	-	7,336	7,336
Totals	\$ -	\$ 7,336	\$ 7,336

**CRITERIA**                    The Village is required to make corrections, revisions and amendments to the proposed budgets to meet the requirements of the law. (NMSA 1978 Section 6- 6-2-0).

**CAUSE**                        Village personnel have not had training in the use of controls and reconciliations to ensure accuracy in budgetary control processes.

**EFFECT**                      The Village is at risk of unknowingly exceeding the approved budget.

**RECOMMENDATION**        We recommend that the Village provide accounting personnel with training in the use of controls and reconciliations to accurately monitor the approved budget.

**RESPONSE**                    The Village Deputy Clerk is in the process of implementing procedures that include budget review and amendments to correct this finding.

**EXPECTED COMPLETION DATE:** June 30, 2020

**EMPLOYEE RESPONSIBLE:** Deputy Clerk

STATE OF NEW MEXICO  
VILLAGE OF VIRDEN  
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES  
ENTERANCE AND EXIT CONFERENCE

An entrance conference was conducted December 2, 2019 in a closed meeting of the Village of Virden pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

**Village of Virden**

Donald Payne	Council Member
Bridget Payne	Deputy Clerk
Margaret Walton	Financial Clerk

**Beasley, Mitchell & Co., LLP**

Itza Sosa	Staff Auditor
-----------	---------------

An exit conference was conducted December 14, 2019 in a closed meeting of the Village of Virden pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

**Village of Virden**

Rulene Jensen	Mayor
Bridget Payne	Deputy Clerk

**Beasley, Mitchell & Co., LLP**

Itza Sosa	Staff Auditor
-----------	---------------