

STATE OF NEW MEXICO

UPPER RIO GRANDE WATERSHED DISTRICT

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES REPORT

YEAR ENDED JUNE 30, 2018

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STATE OF NEW MEXICO
UPPER RIO GRANDE WATERSHED DISTRICT

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STATE OF NEW MEXICO
UPPER RIO GRANDE WATERSHED DISTRICT

Official Roster

June 30, 2018

Name

Title

Board of Directors

Alfredo Montoya

Chairman

Joe A. Romero

Vice Chairman

Michael Sanchez

Secretary

Joseph P. Martinez

Treasurer

Nancy O'Bryan

Member

Staff

Ruth A. Murphy

Office Manager

Delbert Trujillo

Project Manager

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT
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Espanola, New Mexico 87532
Phone/Fax 505-747-2775

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

Alfredo Montoya, President
Upper Rio Grande Watershed District
and
Honorable Wayne Johnson
New Mexico State Auditor

We have performed the procedures enumerated below for the Upper Rio Grande Watershed District (District) for the year ended June 30, 2018. The District was determined to be a Tier 4 entity under the Audit Act Section 12-6-3 (B) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The Upper Rio Grande Watershed District management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

Procedures

1. Verify the local public body's revenue calculation and tier determination documentation on the form provided at www.osa.org under "Tiered System Reporting Main Page"

Finding

We verified the District's revenue calculation and tier determination. No exceptions noted.

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 reporting submitted to DFA-Local Government Division.
- c) Determine whether the local public body's financial institution have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA1978, NM Public Money Act, if applicable.

Findings

- a) The District has a checking and savings account. Bank statements and bank reconciliations were available for the checking and savings accounts for the entire year. Determined that bank reconciliations are being performed in a timely manner.
- b) We performed a test of bank reconciliations for accuracy for the months of September, December, March and June for approximately 33% and traced to the financial records and financial reports submitted to DFA-Local Government Division. No exceptions noted. The bank statements were available and on-hand for the entire year.
- c) The bank accounts had FDIC coverage of \$250,000. The bank accounts never exceeded the uninsured limits and, therefore, pledged collateral was not required on the bank account at any time during the year.

3. 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 District did not have any capital assets as of June 30, 2018.

4. Revenues

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 statements.
- c) Proper recording of classification, amounts, 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:

- a) The District sources of revenue was property taxes collected for the fiscal year of \$140,896, a Bureau of Reclamation (BOR) grant payments of \$20,085 and interest earned of \$50. We traced all twelve transactions for revenue collected to the county treasurer's notification of taxes distributed and all of the BOR payments to the District for the fiscal year. The District's approved budget for revenues was \$165,000 that was under by \$3,969.
- b) Amounts recorded on the district's financial records agreed to the supporting documentation (deposit slips and bank statements). No exceptions noted.
- c) Amounts were recorded properly on a cash basis to District's general ledger to the property tax revenue account and federal funds-BOR grant on a monthly basis. Traced all twelve deposits on the District's financial records to the bank statements. No exceptions noted.

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 order, 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).

Findings

- a) Our test of 30 transactions for approximately 63% of the total expenditure amount for the fiscal year revealed that amounts recorded as disbursed agreed to the supporting documentation. The documentation agrees as to amount, payee, date and description agree to the vendor's invoice.
- b) District disbursements were authorized disbursements for the operations of the District and approved in compliance with budget, legal requirements and established policies and procedures.
- c) District did maintain documentation for all its purchases to demonstrate compliance with the bid process (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 purchase regulations.

6. Journal Entries

Procedures

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

- 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 District maintained its financial records on a cash basis. The District did not post any journal entries to adjust or reclassify any of its receipt or disbursements.

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 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, actual or modified accrual basis) for each individual fund.

Findings

- a) The District prepared and submitted an approved budget by the District for approval to DFA-LGD for the year ended June 30, 2018.
- b) Determined that total actual expenditures did not exceed the final budget at the legal level of budgetary control. No exceptions noted.
- c) A schedule of revenues and expenditures was prepared from the District's records on a cash budgetary basis. This schedule is included herein as Exhibit A. The District submitted quarterly report to DFA-LGD for the fiscal year.

Other

Procedures

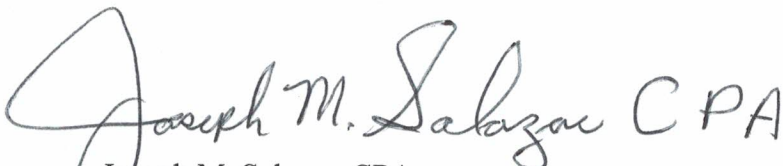
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The finding must include the required contents per Section 2.2.2.1-(1) (3) (C) NMAC.

Findings

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

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 in accordance with AT-C 215.35. 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 Upper Rio Grande Watershed District, the New Mexico State Auditor's Office, New Mexico Legislature and the DFA-Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.


Joseph M. Salazar, CPA
August 7, 2018

STATE OF NEW MEXICO **Exhibit A**
UPPER RIO GRANDE WATERSHED DISTRICT
SCHEDULE REVENUE AND EXPENDITURES- BUDGET AND ACTUAL (CASH BASIS)
FOR YEAR ENDED June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 140,000	\$ 140,000	\$ 140,896	\$ 896
Federal funds-BOR grant	\$ 25,000	\$ 25,000	20,085	(4,915)
Bank interest earned	-	-	50	50
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>\$ 161,031</u>	<u>\$ (3,969)</u>
Budgeted cash balance	<u>202,033</u>	<u>202,033</u>		
Total revenues and budgeted cash balance	<u>\$ 367,033</u>	<u>\$ 367,033</u>		
EXPENDITURES				
Payroll expenses	\$ 60,000	\$ 60,000	\$ 58,977	\$ 1,023
Contract services	45,000	45,000	40,021	4,979
Dues	500	500	-	500
Financial audit	4,000	4,000	3,728	272
Information/education/conservation	1,000	1,000	600	400
Special projects	50,000	50,000	-	50,000
Acequia disaster assistance	30,000	30,000	-	30,000
Insurance	2,000	2,000	1,336	664
Per diem/mileage	1,500	1,500	78	1,422
Operation and maintainance	153,000	153,000	60,037	92,963
Training	2,000	2,000	1,740	260
Office expense	17,033	17,033	10,728	6,305
Miscellaneous	1,000	1,000	-	1,000
Total expenditures	<u>367,033</u>	<u>367,033</u>	<u>177,245</u>	<u>189,788</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,214)</u>	<u>\$ (185,819)</u>

SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER. I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Special District: Upper Rio Grande Watershed District
Quarter Ending: 6/30/2018
Prepared by: Ruth Murphy

(signature line)

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS													
FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE @ JULY 1 (or JAN. 1)	INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
GENERAL FUND - Operating (GF)	101	284,469	-	161,031	-	177,245	268,255	797	-	-	269,052	269,052	0
INTERGOVERNMENTAL GRANTS	218	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	299	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE	400	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 284,469	\$ -	\$ 161,031	\$ -	\$ 177,245	\$ 268,255	\$ 797	\$ -	\$ -	\$ 269,052	\$ 269,052	\$ 0

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	YTD % OF BUDGET
General Fund 101 (enter items below)				
Mil Levy Distribution	40,444	140,896	140,000	101%
Bank Interest	12	50	-	-
ASAP BOR Grant	7,022	20,085	25,000	80%
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal General Fund Revenues	\$ 47,478	\$ 161,031	\$ 165,000	98%
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL GENERAL FUND REVENUES	\$ 47,478	\$ 161,031	\$ 165,000	98%
Intergovernmental Grants 218 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal Intergovernmental Grants Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL INTERGOV. GRANT REVENUES	\$ -	\$ -	\$ -	-
Other 299 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal Other 299 Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL OTHER REVENUES	\$ -	\$ -	\$ -	-
Debt Service 400				
General Obligation Bonds	-	-	-	-
General Obligation - (Property tax)	-	-	-	-
Investment Income	-	-	-	-
Other - Misc	-	-	-	-
Revenue Bonds	-	-	-	-
Bond Proceeds	-	-	-	-
Revenue Bonds - GRT	-	-	-	-
Investment Income	-	-	-	-
Revenue Bonds - Other	-	-	-	-
Miscellaneous(NMFA, BOF, etc.)	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal Debt Service Fund Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	-
GRAND TOTAL REVENUES	\$ 47,478	\$ 161,031	\$ 165,000	98%

DIRECTORS:
Alfredo L. Montoya
Michael Sanchez
Joseph Martinez
Joe A. Romero
Nancy O'Bryan

Upper Rio Grande Watershed District
19283 US Hwy 84/285 Suite 112
Hernandez, New Mexico 87537
505 - 367-0070

UPPER RIO GRANDE WATERSHED DISTRICT
RESOLUTION 2018-4
FINANCIAL REPORT
YEAR END JUNE 30, 2018

WHEREAS, THE GOVERNING BODY OF THE UPPER RIO GRANDE WATERSHED DISTRICT, STATE OF NEW MEXICO, HAS REVIEWED THE JUNE 30, 2018 (FOURTH QUARTER) FINANCIAL REPORT (ATTACHED) AND,

WHEREAS, THE OFFICIAL MEETING FOR THE REVIEW OF SAID DOCUMENT WAS DULY ADVERTISED BY POSTING OF MEETING NOTICES IN COMPLIANCE WITH THE STATE OPEN MEETINGS ACT, AND,

WHEREAS, IT IS THE MAJORITY OPINION OF THE BOARD THAT THE PROPOSED REPORT MEETS THE REQUIREMENTS AS DETERMINED FOR THE FISCAL YEAR ENDING JUNE 30, 2018.

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT THE GOVERNING BODY OF THE UPPER RIO GRANDE WATERSHED DISTRICT, STATE OF NEW MEXICO, HEREBY ADOPTS THE FINANCIAL REPORT HEREIN ABOVE DESCRIBED AND RESPECTFULLY REQUESTS APPROVAL FROM THE LOCAL GOVERNMENT DIVISION OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION.

RESOLVED: IN SESSION THIS 17TH DAY OF JULY 2018

GOVERNING BODY OF: UPPER RIO GRANDE WATERSHED DISTRICT, NEW MEXICO


ALFREDO MONTOYA, CHAIRMAN


MICHAEL SANCHEZ, SECRETARY


JOE ROMERO, VICE CHAIRMAN


NANCY O'BRYAN, MEMBER


JOSEPH MARTINEZ, TREASURER

STATE OF NEW MEXICO
UPPER RIO GRANDE WATERSHED DISTRICT
Status of Current and Prior Year Findings
YEAR ENDED JUNE 30, 2018

No Current or Prior Year Findings

STATE OF NEW MEXICO
UPPER RIO GRANDE WATERSHED DISTRICT

Exit Conference

YEAR ENDED JUNE 30, 2018

Exit Conference

The report contents were discussed at an exit conference held August 7, 2018 with the following in attendance:

Upper Rio Grande Watershed District

Alfredo Montoya, President

Joseph P. Martinez, Treasurer

Ruth Murphy, Office Manager

Accounting Firm

Joseph M. Salazar, CPA