

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT

Tier 4 of the Audit Act Report

Year Ended June 30, 2018

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Garfield, New Mexico  
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STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Garfield, New Mexico  
Official Roster

Hector Mendoza	Chairman
Harvey Morrow	Vice-Chair
Samantha Gillis	Secretary/Treasurer
Dee Wear	Member
Frank Garay	Member
Casey McGuire	Member
Slim Whitlock	Member



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Hector Mendoza, Chairman  
and Members of the Board of Supervisors  
Caballo Soil and Water Conservation District  
And Wayne Johnson, New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by Caballo Soil and Water Conservation District (District) on performing an agreed-upon procedures engagement for Tier 4 of the Audit Act (Section 12-6-1 et seq., NMSA 1978) for the year ended June 30, 2018. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The management of the Caballo Soil and Water Conservation District is responsible for the company's accounting records. 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 associated findings are as follows:

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

We verified Caballo Soil and Water Conservation District's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tier System Reporting Main Page" and it was determined that Caballo Soil and Water Conservation District falls under Tier 4.

2. Cash

- 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.

The District has four bank accounts. Reconciliations for two bank accounts were performed on a timely basis, and bank statements for the fiscal year were complete and on-hand for those two bank accounts.

Reconciliations for its third bank account, i.e. Ralph watershed bank account were performed on a quarterly basis because it is a savings account. However, bank statements and reconciliations could not be located for the quarter ending March 2018 and June 2018. Bank reconciliations of Underwood watershed bank account for the month of March 2018 was completed in May 2018 and for the month of May 2018 was completed in July 2018 (Finding #2018-001).

- 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.

Random tests of bank reconciliations revealed no reconciliation variances for four bank accounts for the bank reconciliations performed on June 30, 2018.

- 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.

The district's deposits were properly collateralized as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

### 3. Capital assets

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

The District performed a yearly inventory as required by Section 12-6-10 NMSA 1978.

### 4. Revenue

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.

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

Select a sample of revenue 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.

Amounts recorded in the general ledger agreed 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.

Transactions were properly recorded on a cash basis as to amount, classification, and period as determined by the review of supporting documentation.

## 5. Expenditures

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 cancelled check, as appropriate.

Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agree with the vendor's invoice, purchase order, contract and cancelled check as appropriate.

- b) Determine that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established polices 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).

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)

## 6. Journal Entries

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.

The District prepared one non-routine journal entry. It appears reasonable and supporting documentation could be located.

- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

The District prepared one non-routine journal entry. The board reviewed the journal entry and approval could be verified through the minutes.

## 7. Budget

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.

A review of the minutes and correspondence revealed that the original budget was approved by the District board and DFA-LGD.

- b) Determine if the total actual expenditures exceed the final budget at the legal level of budgetary control; if so, report a compliance finding.

Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.

- 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.

Schedules of revenues and expenditures – budget to actual, cash basis, were prepared for the general fund and the watershed fund.

8. Other

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(l) (3) (C) NMAC.

No information indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies was identified.

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 accounting records. Accordingly, we do 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 Caballo Soil and Water Conservation District, the New Mexico State Auditor's Office, 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.



Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

October 10, 2018

STATE OF NEW MEXICO  
 CABALLO SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (CASH BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Mil levy/Property Tax	\$ 65,000	\$ 65,000	\$ 79,332	\$ 14,332
Seeding sales	2,000	2,000	1,022	(978)
State funding	14,000	14,000	13,232	(768)
Miscellaneous		-	2,930	2,930
Interest Income	60	60	443	383
<b>Total revenues</b>	<b>81,060</b>	<b>81,060</b>	<b>96,959</b>	<b>15,899</b>
<b>Expenditures</b>				
<b>PERSONNEL SERVICE</b>				
Salaries and benefits	29,000	29,000	26,034	2,966
<b>Totals</b>	<b>29,000</b>	<b>29,000</b>	<b>26,034</b>	<b>2,966</b>
<b>ADMINISTRATIVE</b>				
Dues and board fees	1,800	1,800	600	1,200
Annual Audit/Financial report expenses	3,100	3,100	4,887	(1,787)
Mileage and PerDiem	2,000	2,000	2,962	(962)
<b>Totals</b>	<b>6,900</b>	<b>6,900</b>	<b>8,449</b>	<b>(1,549)</b>
<b>OPERATIONAL</b>				
Building expenses	6,900	6,900	10,627	(3,727)
Utilities		-		-
Meeting expense	600	600	300	300
Office supplies and other expenses	1,000	1,000	1,455	(455)
Capital outlay expenses		-		-
Legal, advertising and public relations	300	300	-	300
Training, workshops and education expense	1,500	1,500	2,275	(775)
Conservation and environmental control expenses		-		-
Dam operation and maintenance	52,000	52,000	7,769	44,231
Bonding	1,200	1,200	1,389	(189)
Awards and presentations	100	100		100
Conservation projects	1,000	1,000		1,000
Cost share program	-	1,000		1,000
Seeding program	2,000	2,000	999	1,001
Miscellaneous	100	100	7,861	(7,761)
<b>Totals</b>	<b>66,700</b>	<b>67,700</b>	<b>32,675</b>	<b>35,026</b>
<b>Total expenditures</b>	<b>\$ 102,600</b>	<b>\$ 103,600</b>	<b>\$ 67,157</b>	<b>\$ 36,443</b>
<b>Excess revenues over expenditures</b>			<b>\$ 29,802</b>	<b>\$ (20,543)</b>



STATE OF NEW MEXICO  
 CABALLO SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (CASH BASIS)  
 WATERSHED FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actuals</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Mil levy	\$ 1,270	\$ 1,270	\$ 1,754	\$ 484
Interest income	-	-	-	-
Total revenues	1,270	1,270	1,754	484
<b>Expenditures</b>				
Administrative	-	-	-	-
Miscellaneous	900	900	450	450
Total expenditures	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 450</u>	<u>\$ 450</u>
Excess revenues over expenditures			<u>\$ 1,304</u>	<u>\$ 934</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION (DFA)  
 LOCAL GOVERNMENT DIVISION (LGD)  
 BUDGET AND FINANCE BUREAU  
 SOIL AND WATER CONSERVATION DISTRICT  
 QUARTERLY YEAR TO DATE FINANCIAL REPORT

PLEASE 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.

Susan Downs

Soil and Water Conservation District: Caballo  
 Period Ending: 06/30/18

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2016 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)	DIFFERENCE (12)
101	GENERAL FUND	\$ 339,864	96,959	-	67,157	369,666	2,144			371,809	371,809	0
218	INTERGOVERNMENTAL GRANTS		-	-	-	-				-	-	-
299	OTHER	\$ 34,985	1,754	-	450	36,289				36,289	36,289	-
400	DEBT SERVICE		-	-	-	-				-	-	-
	<b>GRAND TOTAL</b>	\$ 374,849	98,713	-	67,607	405,954	2,144	-	-	408,098	408,098	0

NOTE: DETAIL PAGES will complete the Recap except for Cash Per Books on July 1.

\*USER NOTES: (Please describe what any reserve requirements are used for).

SWCD:  
Caballo

Period Ending: 6/30/2018

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>General Fund 101</b>				
Total Property Tax Production To Date	16,347.38	79,332.06	65,000.00	1.220493231
Total Interest From Bank Accounts and CDs	137.02	443.33	60.00	7.388833333
NMDA State Funding	-	13,232.07	14,000.00	0.945147857
Grass Seed and or Tree Sales	1,022.00	1,022.00	2,000.00	0.511
Book Sales	-	-	-	
Rent Revenue	-	-	-	
Brush Control Materials	-	-	-	
Noxious Weed Program	-	-	-	
Conservation Sale Items	-	-	-	
Miscellaneous	2,479.62	2,929.62	-	
	-	-	-	
	-	-	-	
	-	-	-	
<b>TOTAL GENERAL FUND REVENUES</b>	<b>19,986.02</b>	<b>96,959.08</b>	<b>81,060.00</b>	<b>1.19613965</b>
<b>Intergovernmental Grants 218</b>				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Miscellaneous (e.g. NMDA)	0	0	0	
<b>TOTAL GRANT REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Other 299</b>				
Contract Services	0	0	0	
Educational Income	0	0	0	
Charges for Services	0	0	0	
Capital Outlay Funded	0	0	0	
Project Income-Conservation & Environmental	0	0	0	
Emergency Watershed Protection Program	0	0	0	
Project Income - Reloan Program	0	0	0	
Project Expenses Income	0	0	0	
Silent Auctions	0	0	0	
Miscellaneous	30.06	1,753.81	1,270.00	1.380952756
<b>OTHER FUND 299 FROM DETAIL TAB</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL OTHER 299</b>	<b>\$ 30.06</b>	<b>\$ 1,753.81</b>	<b>\$ 1,270.00</b>	<b>1.380952756</b>
<b>Debt Service 400</b>				
General Obligation Bonds	0	0	0	
General Obligation - (Property Tax)	0	0	0	
Investment Income	0	0	0	
Other - Misc	0	0	0	
<b>Revenue Bonds</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Bond Proceeds	0	0	0	
Revenue Bonds - GRT	0	0	0	
Investment Income	0	0	0	
Revenue Bonds - Other	0	0	0	
Miscellaneous (NMFA, BOF, etc.)	0	0	0	
Investment Income	0	0	0	
Loan Revenue	0	0	0	
<b>TOTAL DEBT SERVICE REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>	<b>\$ 20,016.08</b>	<b>\$ 98,712.89</b>	<b>\$ 82,330.00</b>	<b>1.198990526</b>

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

SWCD:  
Caballo

Period Ending: 6/30/2018

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>GENERAL FUND 101</b>				
Personnel Services, (Salaries and Benefits)	8,315.98	26,033.74	29,000.00	0.89771517
Mileage and Per Diem	1,000.13	2,962.07	2,000.00	1.481035
Meeting fees	-	299.89	600.00	0.49981667
Office Expenses	132.51	1,455.41	1,000.00	1.45541
Building Expenses (rent, utilities, Maintenance)	1,401.25	10,626.76	6,900.00	1.54011014
Supplies	-	-	-	
Legal and advertising	-	-	300.00	0
Education Expense	1,100.00	1,639.86	1,000.00	1.63986
Seedling Program expenses	999.00	999.00	2,000.00	0.4995
Annual Audit/Financial Report Expenses	-	4,887.15	3,100.00	1.5765
Dues and Board Fees	100.00	600.00	1,800.00	0.33333333
Bonding/RMD	-	1,389.00	1,200.00	1.1575
Awards/Presentations	-	-	100.00	0
Conservation Projects	-	-	1,000.00	0
Cost Share program	-	-	1,000.00	0
Training/workshops	200.00	635.00	500.00	1.27
Operation & Maintenance on Dams	7,668.68	7,768.68	52,000.00	0.14939769
	-	-	-	
	-	-	-	
Miscellaneous (e.g. Meetings)	1,125.70	7,860.90	100.00	78.609
	-	-	-	
	-	-	-	
	-	-	-	
<b>Total General Fund Expenditures</b>	<b>\$ 22,043.25</b>	<b>\$67,157.46</b>	<b>\$ 103,600.00</b>	<b>0.64823803</b>
<b>Intergovernmental Grants Expenditures 218</b>				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Other	0	0	0	
<b>Total Grant Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Other Expenditures 299</b>				
Loan Payments	0	0	0	
Capital Outlay Expenses/Capital Projects	0	0	0	
Conservation and Environmental Control Expenses	0	0	0	
Bonding	0	0	0	
All Other Insurance	0	0	0	
Loan Program Expenses including Loan Repayments	0	0	0	
Miscellaneous Expenses	\$ -	\$ 450.00	\$ 900.00	0.5
<b>OTHER FUND 299 FROM DETAIL TAB</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Other Expenditures</b>	<b>\$ -</b>	<b>\$ 450.00</b>	<b>\$ 900.00</b>	<b>0.5</b>
<b>Debt Service 400</b>				
Bond Payments Principal	0	0	0	
Bond Payments- Interest	0	0	0	
Other Debt Service	0	0	0	
<b>Total Debt Service Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL EXPENDITURES Current Quarter</b>	<b>\$ 22,043.25</b>	<b>\$67,607.46</b>	<b>\$ 104,500.00</b>	<b>0.64696134</b>

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year ended June 30, 2018

**STATUS OF PRIOR YEAR FINDINGS**

2016-002 Differences in the cash balances submitted to DFA (Material Weakness)  
(Resolved)

**CURRENT YEAR FINDINGS**

2018-001 Untimely preparation of bank reconciliations (Significant Deficiency)

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year ended June 30, 2018

**Untimely preparation of bank reconciliations (2018-001) - Significant Deficiency**

**Condition:** The District has four bank accounts. Reconciliations for two bank accounts were performed on a timely basis and bank statements for the fiscal year were complete and on-hand for those two bank accounts.

In the prior years, reconciliations for its third bank account, i.e. Ralph watershed bank account were being performed on a quarterly basis because it is a savings account. However, bank statements and reconciliations could not be located for the quarter ending March 2018 and June 2018.

Bank reconciliations of Underwood watershed bank account for the month of March 2018 was completed in May 2018 and for the month of May 2018 was completed in July 2018.

**Criteria:** Per Section 6-6-3 NMSA 1978, every local public body shall:

- 1) Keep all the books, records, and accounts in their respective offices in the form prescribed by the local government division;
- 2) Make all reports as may be required by the local government division; and
- 3) Conform to the rules and regulations adopted by the local government division.

Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, The Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

**Cause:** The district did not receive bank statements on time to prepare the reconciliations.

**Effect:** Untimely preparation of bank reconciliations could lead to errors on cash balances.

**Recommendation:** The district should make sure bank statements are received on a timely manner and bank reconciliations are performed by the end of the following month.

**Response:** The district will ensure bank statements are obtained on time and bank reconciliations are performed by the end of the following month.

**Expected Completion Date:** 12/31/2018 **Employee Responsible:** Administrative Assistant

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year ended June 30, 2018

**EXIT CONFERENCE**

An exit conference was held on September 24, 2018 with Samantha Gillis, Secretary/Treasurer, Caballo Soil and Water Conservation District, Susan Downs, Administrative Assistant, Caballo Soil and Water Conservation District and Merry Jo Fahl, Contract Employee, Caballo Soil and Water Conservation District. Representing Beasley, Mitchell & Co., LLP were Avi Chetry, Staff II Auditor and Ashley Tierney, Staff II Auditor.