

STATE OF NEW MEXICO
CIUDAD SOIL AND WATER CONSERVATION DISTRICT

TIER 4 AGREED UPON PROCEDURES

JUNE 30, 2013

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

State of New Mexico
Ciudad Soil and Water Conservation District
Table of Contents
June 30, 2013

	<u>Page</u>
Official Roster	1
Independent Accountant's Report on Applying Agreed-Upon Procedures	2-5
Schedule of Revenue, Expenses, Budget and Actual	6
Copy of the year-end financial report submitted to DFA-LGD	7-9
Schedule of Findings and Recommendations	10-11
Exit Conference	12

**State of New Mexico
Ciudad Soil and Water Conservation District
June 30, 2013**

Board of Supervisors

Chairman

J. Steven Glass

Vice Chairman

Thomas Allen

Treasurer

Zoe L. Economou

Supervisor

Sara Newton Juarez

Supervisor

Dale Kennedy

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Mr. Hector H Balderas
New Mexico State Auditor
and
Members of the Board
Ciudad Soil and Water Conservation District
Albuquerque, NM

We have performed the procedures enumerated below, which were agreed to by the State of New Mexico, Ciudad Soil and Water Conservation District (the District), for the year ended June 30, 2013, solely to assist you with respect to the District's compliance for a Tier 4 engagement of Tier 4 of the Audit Act (Section 12-6-1 NMSA 1978 et seq.). The procedures were agreed to by the District through the New Mexico Office of the State Auditor. The District's management is responsible for the District's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and Results are as follows:

1. Cash

Procedures:

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results:

- a) Based on the documents supplied the reconciliations were done in a timely manner and were complete and on-hand.
- b) Random test of bank reconciliations revealed no exceptions. Traced all ending balances to the general ledger, supporting documents and reports submitted to DFA-LGD.
- c) The District currently has one bank account. The total amount in this accounts is \$58,350 Under the FDIC coverage limit of \$250,000.

2. Capital Assets:

Procedures:

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

Results:

Capital Assets of the District include data processing equipment, furniture and fixtures, and equipment. The District does not have any infrastructure. The District did perform a yearly inventory and has an official listing of their capital assets.

3. Revenue:

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

Procedures:

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues based on auditor judgment and test using the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results:

- a) Analytical review and test of the actual revenue compared to the budget for the year for each type of revenue, revealed the District received more revenue than they budgeted for by \$4,525.
- b) The District receives grants for its support and we tested half of them . All the deposits tested, agreed to the supporting documentation, bank statements and the general ledger.
- c) All deposits were properly recorded in the general ledger.

4. Expenditures

Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

Procedures:

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

- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results:

- a) There were a total of 267 disbursements for the year for a total of \$586,946. We sampled 57 items that totaled \$464,351. All disbursements sampled agreed to supporting documentations. All agreed to amount, payee, date, and description to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) The disbursements were properly authorized and in compliance with the budget, legal requirements, and established policies and procedures.
- c) The bid process reviewed appears to have been done in accordance with the New Mexico Procurement code.

5. Journal Entries

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

Procedures:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results:

- a) There were no non-routine journal entries.
- b) There were no non-routine journal entries.

6. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

Procedures:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Results:

- a) Verified through the minutes and correspondence that the original budget was approved by the District's governing body and DFA-LGD.
- b) Total actual expenditures did exceed the final budget at the total fund level by \$30,108, the legal level of budgetary control.
- c) A schedule of revenues and expenditures to budget and actual was prepared from the DFA-LGD approved budget and the Districts records on the cash budgetary basis, the basis used by the District revealed no exceptions.

See Finding 13-1 Budget control of Expenditures

**Other
Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I) (3) (C) NMAC.

Findings


As a result of applying the procedures described above:

- a) The District did not comply with submitting an Agreed Upon Procedures Report by the due date.
- b) The District did not submit the IPA recommendation form by the due date.

See Finding 13-2 SAO Reporting

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the State of New Mexico, Ciudad Soil and Water Conservation District, District's Management, Governing Board, and the New Mexico State Auditor's Office, the Department of Finance and Administration-Local Government Division, and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.



Albuquerque NM
March 8, 2014

State of New Mexico
Ciudad Soil and Water Conservation District
Proprietary Fund
Schedule of Revenues, Expenses Budget and Actual (non-GAAP Budgetary Basis)
For the year ended June 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State Allotments	\$ 12,000	\$ 13,000	\$ 12,997	\$ (3)
State Grants	71,342	59,238	59,238	-
Federal Grants	396,576	471,837	464,122	(7,715)
Miscellaneous Revenue	700	1,450	1,575	125
Miscellaneous Revenue	-	4,482	16,600	12,118
Total revenues	<u>480,618</u>	<u>550,006</u>	<u>554,532</u>	<u>4,525</u>
Expenses:				
Salaries	53,858	90,884	81,685	9,199
Workers compensation insurance	-	-	602	(602)
Milage and per diem	2,220	412	324	88
Fees and services	-	-	48	(48)
Telephone	331	331	360	(29)
Supplies	356	356	524	(168)
Educational	473	-	-	-
Auto and gas	2,768	2,768	2,910	(142)
Advertising and public relations	202	202	3,036	(2,834)
Insurance and bonding	-	1,187	1,187	-
Dues and board fees	60	60	20	40
Field supplies	-	26,000	38,789	(12,789)
Postage	117	117	161	(44)
Training	-	518	300	218
Contractual services	418,889	422,510	419,975	2,535
Depreciation	-	-	1,445	(1,445)
Miscellaneous	-	112	16,122	(16,010)
Miscellaneous	1,344	4,482	12,557	(8,076)
Total operating expenses	<u>\$ 480,618</u>	<u>\$ 549,938</u>	<u>580,046</u>	<u>(30,108)</u>
Excess revenues (loss) over expenditures			<u>\$ (25,515)</u>	<u>\$ 34,633</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION
 LOCAL GOVERNMENT DIVISION
 BUDGET AND FINANCE BUREAU
 SOIL AND WATER CONSERVATION DISTRICT QUARTERLY FINANCIAL REPORT

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.

S.W.C.D.: Ciudad Soil & Water Conservation District
 Period Ending: 06/30/13

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND	UNAUDITED BEGINNING CASH BALANCE @ July 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
101	GENERAL FUND	79,135.58	-	537,931.58	-	567,488.82	40,578.32	17,771.28	-	-	58,349.60	58,349.60	0.00
218	INTERGOVERNMENTAL GRANTS	89.15	-	16,600.00	-	12,527.31	4,141.84	-	-	-	4,141.84	4,141.84	-
299	OTHER	-	-	-	-	-	-	-	-	-	-	-	-
400	DEBT SERVICE	-	-	584,231.58	-	580,046.13	44,720.16	17,771.28	-	-	62,491.44	62,491.44	0.00
	GRAND TOTAL	79,234.73	-	1,138,763.16	-	1,159,062.26	85,318.64	35,542.56	-	-	110,861.20	110,861.20	0.00

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED

USER NOTES: (Where available, what and report comments are used for)

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Property Tax - Current Year	-	-	-	
Property Tax - Delinquent	-	-	-	
Property Tax - Penalty & Interest	-	-	-	
Oil and Gas - Equipment	-	-	-	
Oil and Gas - Production	-	-	-	
Total Interest income From Bank Accounts and CDs	-	-	-	
Hazardous Fuels Income	-	-	-	
Grass Seed and or Tree Sales	-	-	-	
Book Sales	-	-	-	
Rent Revenue	-	-	-	
Brush Control Materials	-	-	-	
Noxious Weed Program	-	-	-	
Conservation Sale Items	-	-	-	
State Allotments	652.66	12,996.57	13,000.00	1.00
State Grants	8,384.61	59,237.81	59,237.81	1.00
Federal Grants	89,627.83	464,122.20	471,836.91	0.98
Miscellaneous	1,000.00	1,575.00	1,450.00	1.09
TOTAL GENERAL FUND REVENUES	99,665.10	537,931.58	545,524.72	
Intergovernmental Grants 218				
University Grants	-	-	-	
Federal Grants	-	-	-	
State Grants	-	-	-	
Local Grants	-	-	-	
Private Grants	-	-	-	
Legislative Funding	-	-	-	
Miscellaneous	-	-	-	
TOTAL GRANT REVENUES	-	-	-	n/a
Other 299				
Contract Services	-	-	-	
Educational Income	-	-	-	
Charges for Services	-	-	-	
Capital Outlay Funded	-	-	-	
Project Income	-	-	-	
Emergency Watershed Protection Program	-	-	-	
Project Income	-	-	-	
Project Expenses Income	-	-	-	
Silent Auctions	-	-	-	
Miscellaneous	-	16,600.00	4,481.61	3.70
TOTAL OTHER 299	-	16,600.00	4,481.61	
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.)	-	-	-	
Investment Income	-	-	-	
Loan Revenue	-	-	-	
TOTAL DEBT SERVICE REVENUES	-	-	-	
GRAND TOTALS REVENUES- CURRENT QTR	99,665.10	554,531.58	550,006.33	

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

SWCD:

Ciudad Soil & Water Conservation District

Period Ending: 6/30/2013

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	21,586.00	81,684.94	90,884.26
Workers Comp Insurance	-	602.00	-
Mileage and Per Diem	-	324.00	411.50
Fees and Services	12.00	48.00	-
Office Expense	-	-	-
Telephone Expense	120.00	360.00	331.00
Supplies	141.03	524.24	356.00
Election Expense	-	-	-
Education expense	-	-	-
Vehicle Expense (Insurance, gas, maintenance)	834.03	2,909.94	2,768.00
Advertising, Public Relations (e.g. newsletter)	962.55	3,036.48	202.00
State Liability Insurance/Bonding	187.00	1,187.00	1,187.00
Dues and Board Fees	-	20.00	60.00
Field Supplies (e.g. Salt Cedar Mechanical Removal)	-	38,789.14	26,000.00
Postage Expense	26.88	161.09	117.00
Cost Sharing Expense	-	-	-
Brush Control Expenses	-	-	-
Training and Workshops	28.84	300.24	518.00
Contractual Services Expenses	120,528.79	419,974.87	422,509.63
Depreciation Expense	1,444.82	1,444.82	-
Miscellaneous (e.g. Chipper Expense)	22.06	16,122.06	112.00
TOTAL GENERAL FUND EXPENDITURES	145,894.00	567,488.82	545,456.39
Intergovernmental Grants Expenditures 218			
University Grants	-	-	-
Federal Grants	-	-	-
State Grants	-	-	-
Local Grants	-	-	-
Private Grants	-	-	-
Legislative Funding	-	-	-
Other	-	-	-
Total Grant Expenditures	-	-	-
Other Expenditures 299			
Loan Payments	-	-	-
Capital Outlay Expenses/Capital Projects	-	-	-
Conservation and Environmental Control Expenses	-	-	-
Bonding	-	-	-
All Other Insurance	-	-	-
Loan Program Expenses Including Loan Repayments	-	-	-
Miscellaneous Expenses	1,000.00	12,557.31	4,481.61
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-
Total Other Expenditures	1,000.00	12,557.31	4,481.61
Debt Service 400			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES Current Quarter	146,894.00	580,046.13	549,938.00

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

State of New Mexico
Ciudad Soil and Water Conservation District
Schedule of Findings and Responses
June 30, 2013

PRIOR YEAR FINDINGS:

None

CURRENT YEAR FINDINGS:

13-1 Budget control of expenditures

Condition:

The District overspent the budget in total by \$30,108 in total. (Section 6-6-6; NMSA 1978):

Criteria:

The authority by which the District can spend money is the Commission and DFA approved budget (Section 6-6-6; NMSA 1978). The legal level of spending is at the fund level. The District may not spend more than the total budget allows at the fund level.

Effect:

Overspending of the budget is a violation of applicable laws, regulations and policies established by the State, District and DFA, which could impact future budget approvals.

Cause:

The District had extra expenses that were not budgeted for.

Recommendation:

We recommend that The District comply with State Statutes and work within the limits of their budget. If necessary a budget adjustment request should be requested on a timely basis prior to exceeding the budgeted expenditure.

Agency Response:

The District concurs with the Auditor's recommendations and in the future will request a budget adjustment in a timely manner prior to the year end to eliminate this problem. The District experienced an unusual amount of turnover in the Fiscal Administrator position during the Fiscal Year in Question. The District now has a secure staff and has implemented quarterly budget reviews to avoid issues going forward.

State of New Mexico
Ciudad Soil and Water Conservation District
Schedule of Findings and Responses-continued
June 30, 2013

13-21 SAO Reporting (Repeated)

Condition

The District did not submit the IPA recommendation form until August 27, 2013 which was due July 1, 2013, in addition the Tier 4 Agreed Upon Procedures report for the year ended June 30, 2013 was not submitted by the due date of December 1, 2013.

Criteria

The New Mexico State Auditor rules require that Special District Tier 4 Agrees Upon Procedures reports be submitted by December 1st of each year. (SAO Rule 2.2.2.9 A (1) (d))

Cause

The District was unable to submit the June 30, 2013, Tier 4 Agreed Upon Procedures Report because the District was late in selecting an Auditor which was not done until August 20, 2013. The auditor did not receive the final contract from the state until October 21, 2013. In addition to getting a late start, the auditor's office suffered a break in, in November that left the work papers in a disorganized mess but there was no loss of information.

Effect

The District is not in compliance with the New Mexico State Auditor Rules and Regulations.

Recommendation

The District needs to ensure that all future audit reports are filed in a timely manner.

Entity Response

We agree and will strive for future compliance, in a timely submission of the IPA recommendation form and Audit contract.

State of New Mexico
Ciudad Soil and Water Conservation District
Exit Conference
June 30, 2013

Exit Conference

An exit conference was held on March 8, 2014.

Representing Ciudad Soil and Water Conservation District were:

J. Steven Glass, Chairman
Jennifer Moss, District Fiscal Administrator

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

Fidel A. Bernal, CPA
Vanessa Flores, Office Manager