

**STATE OF NEW MEXICO**

**CUBA SOIL AND WATER CONSERVATION DISTRICT**

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

**FOR THE YEAR-ENDED JUNE 30, 2019**

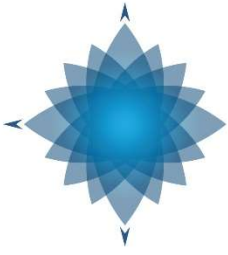


**STATE OF NEW MEXICO  
CUBA SOIL AND WATER CONSERVATION DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2019**

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**STATE OF NEW MEXICO  
CUBA SOIL AND WATER CONSERVATION DISTRICT  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2019**

<b><u>Board of Supervisors</u></b>	<b><u>Title</u></b>
James Montoya	Chairperson
Timothy Johnson	Vice-Chairperson
Melvin Maestas	Secretary/Treasurer
Ricardo Duran	Member
Frank Chacon	Member
L.D. Schmitz	Member
Julian Sanchez	Member
<b><u>District Personnel</u></b>	
Brian Velarde	District Manager



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

Brian S. Colón  
New Mexico State Auditor  
and  
Timothy Johnson, Chairperson  
Cuba Soil and Water Conservation District  
Cuba, New Mexico

We have performed the procedures enumerated below, which were agreed to by Cuba Soil and Water Conservation District (District) and the New Mexico State Auditor (the specified parties), solely to assist you in evaluating the District's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries, and Budget information for compliance with Section 12-6-3B(6) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2019. The District is responsible for its financial reporting to and compliance with the New Mexico State Auditor rules as described above. 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and the associated findings are as follows:

**1. Verify Tier**

Procedures

- a. 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"

Results of Procedures Performed

- a. Based on a review of the District's general ledger, total revenues for the fiscal year ending June 30, 2019 were \$209,289 (excluding the federal grants). Based on this information, the District was properly determined to be a Tier 4 entity for FY 19 since their total revenues were between \$200,000 and \$250,000 during the fiscal year.

**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 Procedures Performed

- a. For the period July 1, 2018 through June 30, 2019, the District had a general checking account, a savings account (scholarship fund) and certificate of deposit. For the District's main operating account, bank reconciliations were performed on a monthly basis in a timely manner. Reconciliations were not completed on the District's savings account or certificate of deposit during the fiscal year (See Finding 2018-001-repeated). All bank statements for the fiscal year were complete and on hand.
- b. We requested supporting documentation for six (6) months of bank reconciliations (50% of total reconciliations performed) Aside from the unreconciled accounts identified in 2a above, the randomly selected bank reconciliations were accurate, and the ending balances on the bank reconciliations agreed with the District's general ledger, supporting documentation and the financial reports submitted to DFA-LGD.
- c. The bank accounts had FDIC coverage of \$250,000. The savings account and certificate of deposit did not exceed FDIC coverage during the year, therefore pledged collateral was not required on these two bank accounts at any time during the fiscal year. The checking bank account exceeded the FDIC uninsured limit during three months of the fiscal year and did not obtain pledged collateral as required by state statute. (See Finding 2017-001-repeated finding).

**3. Capital Assets**

Procedures

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

Results of Procedures Performed

- a. The District performed a capital asset inventory for the fiscal year ending June 30, 2019.

**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 Performed

- a. An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b. We requested supporting documentation for fifteen (15) deposits (93% of total revenue) from a total of 41 deposits for the year. For the sample selected, the amount recorded in the general ledger agreed with the supporting documentation and the bank statement.
- c. Per review of supporting documentation for the transactions tested, amounts were properly recorded on a cash basis as to classification, amount and period.

### **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).

### Results of Procedures Performed

- a) We requested supporting documentation for forty (40) disbursements (41.65% of total expenses) out of a total of 349 disbursements for the year. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The District does not use purchase order forms.
- b) For the sample selected, disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) 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).

## **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 Procedures Performed

According to the District Manager, no non-routine journal entries were posted to the general ledger during the fiscal year. Review of the general ledger during the course of the engagement, did not identify any journal entries recorded by the District.

## **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 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 of Procedures Performed

- a) The District's Board of Supervisors adopted its FY19 budget on July 30, 2018 (FY 2019 Budget and Resolution) which was approved by DFA-LGD on August 2, 2018. The District did not have any budget adjustments in FY19.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual (Exhibit A) was prepared on the cash budgetary basis used by the District.

**8. 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 Procedures Performed

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to uncollateralized monies (2017-001), and bank reconciliations (2018-001).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the America 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 District's financial reporting as of and for the year ended June 30, 2019, to the New Mexico State Auditor as described above. 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 Cuba Soil and Water Conservation District, the New Mexico State Auditor's Office, and 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.

*Integrity Accounting + Consulting, LLC*

Integrity Accounting & Consulting, LLC  
Albuquerque, NM  
December 12, 2019



**STATE OF NEW MEXICO**  
**CUBA SOIL AND WATER CONSERVATION DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ 205,000	205,000	193,163	(11,837)
Charges for services	47,150	31,000	502	(30,498)
Intergovernmental revenue				-
State grants	17,350	17,350	-	(17,350)
Interest	70	50	100	50
Miscellaneous income	2,500	2,500	15,533	13,033
Total revenues	<u>272,070</u>	<u>255,900</u>	<u>209,298</u>	<u>(46,602)</u>
Expenditures:				
Current:				
Conservation				
Personnel costs	128,568	128,568	90,831	37,737
Operating costs	167,870	147,810	97,305	50,505
Debt service	77,276	77,276	77,212	64
Total expenditures	<u>373,714</u>	<u>353,654</u>	<u>265,349</u>	<u>88,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,644)</u>	<u>(97,754)</u>	<u>(56,051)</u>	<u>41,703</u>
Other financing sources (uses):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>(101,644)</u>	<u>(97,754)</u>	<u>(56,051)</u>	<u>41,703</u>
Budgeted cash carryover	<u>101,644</u>	<u>97,854</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		

CUBA SWCD GENERAL FUND - 4TH QUARTER REPORT-FY 18-19

	Last Qtr. Tot.	April	May	June	Qtr. Total	Y-T-D	2018/2019 BUDGET	Balance	% Used
<b>REVENUES</b>									
Sandoval County Mill Levy	\$99,878.08	\$0.00	\$2,355.29	\$6,001.88	\$8,357.17	\$108,235.25	\$135,000.00	\$26,764.75	80.17%
Rio Arriba County Mill Levy	\$66,814.46	\$667.95	\$4,561.65	\$12,883.93	\$18,113.53	\$84,927.99	\$70,000.00	(\$14,927.99)	121.33%
Interest	\$75.28	\$8.66	\$8.56	\$8.11	\$25.33	\$100.61	\$50.00	(\$50.61)	201.22%
County	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
Other	\$15,053.28	\$290.00	\$100.00	\$90.00	\$480.00	\$15,533.28	\$2,500.00	(\$13,033.28)	621.33%
State Grants 218	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,100.00	\$5,100.00	0.00%
NRCS Rent & Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18,000.00	\$18,000.00	0.00%
NMACD Capacity Building	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
NMDA/NMSU	\$501.83	\$0.00	\$0.00	\$0.00	\$0.00	\$501.83	\$13,000.00	\$12,498.17	3.86%
<b>TOTALS</b>	<b>\$182,322.93</b>	<b>\$966.61</b>	<b>\$7,025.50</b>	<b>\$18,983.92</b>	<b>\$26,976.03</b>	<b>\$209,298.96</b>	<b>\$245,650.00</b>	<b>\$36,351.04</b>	<b>85.20%</b>
<b>NMFA Building Loan Proceeds</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>
<b>TOTAL REVENUE</b>	<b>\$182,322.93</b>	<b>\$966.61</b>	<b>\$7,025.50</b>	<b>\$18,983.92</b>	<b>\$26,976.03</b>	<b>\$209,298.96</b>	<b>\$245,650.00</b>	<b>\$36,351.04</b>	<b>85.20%</b>
<b>FUND TRANSFERS - IN</b>									
Grant Fund - Personnel/Admin	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,250.00	\$10,250.00	0.00%
<b>TOTAL REV. &amp; TRANSFERS</b>	<b>\$182,322.93</b>	<b>\$966.61</b>	<b>\$7,025.50</b>	<b>\$18,983.92</b>	<b>\$26,976.03</b>	<b>\$209,298.96</b>	<b>\$255,900.00</b>	<b>\$46,601.04</b>	<b>81.79%</b>
<b>EXPENDITURES</b>									
Debt Service - Building #2	\$8,845.78	\$982.82	\$981.89	\$981.89	\$2,946.60	\$11,792.38	\$11,856.00	\$63.62	99.46%
Debt Service - Building	\$49,065.03	\$5,451.67	\$5,451.65	\$5,451.65	\$16,354.97	\$65,420.00	\$65,420.00	\$0.00	100.00%
<b>TOTALS</b>	<b>\$57,910.81</b>	<b>\$6,434.49</b>	<b>\$6,433.54</b>	<b>\$6,433.54</b>	<b>\$19,301.57</b>	<b>\$77,212.38</b>	<b>\$77,276.00</b>	<b>\$63.62</b>	<b>99.92%</b>
<b>Personnel Services</b>									
Salaries (f-t)	\$32,289.18	\$4,124.18	\$4,369.01	\$4,922.59	\$13,415.78	\$45,704.96	\$91,937.00	\$46,232.04	49.71%
Salaries (p-t) Per Diem	\$3,933.85	\$1,052.76	\$855.00	\$0.00	\$1,907.76	\$5,841.61	\$9,576.00	\$3,734.39	61.00%
Medicare	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,428.00	\$2,428.00	0.00%
P.E.R.A.	\$6,682.49	\$1,291.32	\$430.44	\$1,721.76	\$3,443.52	\$10,126.01	\$7,585.00	(\$2,541.01)	133.50%
Workmen's Comp.	\$111.80	\$38.70	\$0.00	\$0.00	\$38.70	\$150.50	\$3,000.00	\$2,849.50	5.02%
Unemp. Ins.	\$109.17	\$43.38	\$0.00	\$0.00	\$43.38	\$152.55	\$1,000.00	\$847.45	15.26%
Health Ins.	\$16,197.27	\$2,418.02	\$2,418.02	\$2,418.02	\$7,254.06	\$23,451.33	\$9,000.00	(\$14,451.33)	260.57%
FICA (United States Treasury)	\$4,360.46	\$1,044.00	\$0.00	\$0.00	\$1,044.00	\$5,404.46	\$4,042.00	(\$1,362.46)	133.71%
<b>TOTALS</b>	<b>\$63,684.22</b>	<b>\$10,012.36</b>	<b>\$8,072.47</b>	<b>\$9,062.37</b>	<b>\$27,147.20</b>	<b>\$90,831.42</b>	<b>\$128,568.00</b>	<b>\$37,736.58</b>	<b>70.65%</b>
<b>Administrative</b>									
Mlg./Per Diem	\$6,157.88	\$54.57	\$529.88	\$81.34	\$665.79	\$6,823.67	\$8,000.00	\$1,176.33	85.30%
Bonding	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00	\$300.00	0.00%
Election	\$0.00	\$250.00	\$0.00	\$0.00	\$250.00	\$250.00	\$500.00	\$250.00	50.00%
Professional Services	\$13,371.26	\$6,976.06	\$1,893.40	\$10,000.00	\$18,869.46	\$32,240.72	\$20,000.00	(\$12,240.72)	161.20%
Dues	\$2,450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,450.00	\$2,510.00	\$60.00	97.61%
Education & Training	\$1,057.00	\$0.00	\$0.00	\$750.00	\$750.00	\$1,807.00	\$2,000.00	\$193.00	90.35%
Gross Rcts.Tax/ NM Withholdings	\$1,082.08	\$0.00	\$0.00	\$0.00	\$0.00	\$1,082.08	\$500.00	(\$582.08)	216.42%
<b>TOTALS</b>	<b>\$24,118.22</b>	<b>\$7,280.63</b>	<b>\$2,423.28</b>	<b>\$10,831.34</b>	<b>\$20,535.25</b>	<b>\$44,653.47</b>	<b>\$33,810.00</b>	<b>(\$10,843.47)</b>	<b>132.07%</b>
::									

CUBA SWCD GENERAL FUND - 4TH QUARTER REPORT-FY 18-19

	Last Qtr. Tot.	April	May	June	Qtr. Total	Y-T-D	2018/2019 BUDGET	Balance	% Used
<b>Operational</b>									
Office Supplies	\$990.06	\$212.44	\$0.00	\$207.40	\$419.84	\$1,409.90	\$3,000.00	\$1,590.10	47.00%
Adv./Legal Notices	\$433.94	\$0.00	\$0.00	\$110.00	\$110.00	\$543.94	\$200.00	(\$343.94)	271.97%
Rental Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
Subscriptions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Equip. Maint. & Rep.	\$488.33	\$0.00	\$0.00	\$0.00	\$0.00	\$488.33	\$2,500.00	\$2,011.67	19.53%
Postage	\$474.92	\$0.00	\$0.00	\$47.31	\$47.31	\$522.23	\$700.00	\$177.77	74.60%
Utilities	\$7,823.03	\$1,146.86	\$360.41	\$1,728.59	\$3,235.86	\$11,058.89	\$11,000.00	(\$58.89)	100.54%
Building Operation & Maintenance	\$426.77	\$0.00	\$0.00	\$0.00	\$0.00	\$426.77	\$8,000.00	\$7,573.23	5.33%
Vehicle Operation & Maintenance	\$1,453.97	\$436.83	\$0.00	\$1,181.51	\$1,618.34	\$3,072.31	\$5,000.00	\$1,927.69	61.45%
<b>TOTALS</b>	<b>\$12,091.02</b>	<b>\$1,796.13</b>	<b>\$360.41</b>	<b>\$3,274.81</b>	<b>\$5,431.35</b>	<b>\$17,522.37</b>	<b>\$31,400.00</b>	<b>\$11,949.94</b>	<b>65.80%</b>
<b>Conservation Education</b>									
Outdoor Classroom	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
Soil Stewardship	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$350.00	\$350.00	0.00%
District Publications	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00	\$250.00	0.00%
School Activities	\$3,100.00	\$0.00	\$0.00	\$600.00	\$600.00	\$3,700.00	\$500.00	(\$3,200.00)	74.00%
Community Awareness	\$625.00	\$0.00	\$0.00	\$540.00	\$540.00	\$1,165.00	\$2,400.00	\$1,235.00	48.54%
Awards/Presentations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$600.00	\$600.00	0.00%
<b>TOTALS</b>	<b>\$3,725.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,140.00</b>	<b>\$1,140.00</b>	<b>\$4,865.00</b>	<b>\$7,100.00</b>	<b>\$2,235.00</b>	<b>68.52%</b>
<b>Conservation Projects</b>									
Forest Health	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
Range Improvements	\$14,098.68	\$0.00	\$4,561.62	\$0.00	\$4,561.62	\$18,660.30	\$16,500.00	(\$2,160.30)	113.09%
Community Ditches	\$1,241.62	\$0.00	\$0.00	\$0.00	\$0.00	\$1,241.62	\$16,500.00	\$15,258.38	7.52%
Cropland Improvements	\$0.00	\$0.00	\$2,950.00	\$0.00	\$2,950.00	\$2,950.00	\$16,500.00	\$13,550.00	17.88%
Rodent/Insect Control	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00	\$7,000.00	0.00%
Erosion Control	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,500.00	\$5,500.00	0.00%
Weed Control	\$6,580.38	\$0.00	\$0.00	\$0.00	\$0.00	\$6,580.38	\$3,500.00	(\$3,080.38)	188.01%
<b>TOTALS</b>	<b>\$21,920.68</b>	<b>\$0.00</b>	<b>\$7,511.62</b>	<b>\$0.00</b>	<b>\$7,511.62</b>	<b>\$29,432.30</b>	<b>\$70,500.00</b>	<b>\$41,067.70</b>	<b>41.75%</b>
Headquarters Building Project	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
<b>TOTAL EXPEND.</b>	<b>\$183,449.95</b>	<b>\$25,523.61</b>	<b>\$24,801.32</b>	<b>\$30,742.06</b>	<b>\$81,066.99</b>	<b>\$264,516.94</b>	<b>\$348,654.00</b>	<b>\$82,209.37</b>	<b>75.87%</b>
<b>FUND TRANSFERS</b>									
Forestry Camp Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Special Grants	\$832.19	\$0.00	\$0.00	\$0.00	\$0.00	\$832.19	\$5,100.00	\$4,267.81	16.32%
<b>TOTAL TRANSFERS</b>	<b>\$832.19</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$832.19</b>	<b>\$5,100.00</b>	<b>\$4,267.81</b>	<b>16.32%</b>
<b>TOTAL EXP./TRANS.</b>	<b>\$184,282.14</b>	<b>\$25,523.61</b>	<b>\$24,801.32</b>	<b>\$30,742.06</b>	<b>\$81,066.99</b>	<b>\$265,349.13</b>	<b>\$353,754.00</b>	<b>\$86,477.18</b>	<b>75.01%</b>

**STATE OF NEW MEXICO  
CUBA SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**STATUS OF PRIOR YEAR FINDINGS**

**2017-001 – Uncollateralized Monies – Modified/Repeat**

**Condition** – During the year ended June 30, 2019, the District did not have any pledged securities on its cash balances that exceeded FDIC insurance. The District’s cash balances were undercollateralized by \$70,169 as of June 30, 2019.

This is a repeat finding from prior years. During the year ended June 30, 2019, the District did not take any actions to address the finding due to a lack of understanding of specifically what was needed to mitigate the finding.

**Criteria** – Pursuant to Section 6-10-17, NMSA 1978, “any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in Section 6-10-16 NMSA 1978 to a custodial bank described in Section 6-10-21 NMSA 1978 and shall then deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom or the public board from which the public money is received for deposit. The securities delivered shall have an aggregate value equal to one-half the amount of public money to be received in accordance with Subsection B of Section 6-10-16 NMSA 1978. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in Section 6-10-15 NMSA 1978 as security for any portion of a deposit of public money.”

**Cause** – The District was unaware of the specific collateralization requirements for public funds.

**Effect** – The District is out of compliance with state statute. Funds held by the District are susceptible to risk of loss due to inadequate securitization.

**Recommendation** – We recommend the District contact the bank in question and implement the necessary levels of securitization to ensure compliance with state statute.

**Entity Response** – The District Manager is currently working with the bank in question to establish the necessary collateralization to be in compliance with state statute. We estimate this should be completed by the end of January 2020. The District Manager will oversee this process.

**2018-001 – Bank Reconciliations**

**Condition** – While conducting procedures related to the District’s bank reconciliations, it was identified that reconciliations were not being performed on two of the district’s accounts. The District’s savings account and certificate of deposit account were not being reconciled.

This is a repeat finding from prior years. Primarily due to the timing of the FY18 agreed-upon procedures engagement and it not being issued until August 2019, during the year ended June 30, 2019, the District did not take any actions to address the finding. Additionally, no attempts were made to “catch-up” the reconciliations in the interim time period once the FY18 agreed-upon procedures report identified this as concern and the completion of the FY19 engagement.

**STATE OF NEW MEXICO  
CUBA SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**Criteria** – NMAC 2.2.5.8 (4) Bank reconciliations are to be performed timely and agreed to the general ledger.

**Cause** – The District did not feel reconciliations were necessary on those accounts due to a lack of activity.

**Effect** – When bank statements are not reconciled to the general ledger there is an opportunity for misappropriation of cash assets and incorrect financial reporting. Management decisions may be skewed by the incorrect financials.

**Recommendation** – We recommend that bank statements are reconciled for all accounts regardless of level of activity.

**Entity Response** – The District will ensure that all bank accounts are reconciled regularly. The District Manager will oversee this process with an expected completion date of December 31, 2019.

**CURRENT YEAR FINDINGS**

None

**STATE OF NEW MEXICO  
CUBA SOIL AND WATER CONSERVATION DISTRICT  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2019**

**B. EXIT CONFERENCE**

The contents of the report for the Cuba Soil and Water Conservation District were discussed on December 12, 2019. The following individuals were in attendance.

Cuba Soil and Water Conservation District Officials

Timothy Johnson – Chairperson  
Melvin Maestas – Secretary/Treasurer  
Julian Sanchez – Supervisor  
Brian Velarde – District Manager

Integrity Accounting & Consulting Personnel

Erick Robinson, CPA, CFE – Partner