

**State of New Mexico
Deming Soil and Water Conservation District**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

Year Ended June 30, 2013

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State of New Mexico
Deming Soil and Water Conservation District
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**State of New Mexico
Deming Soil and Water Conservation District
Official Roster
June 30, 2013**

Board of Supervisors

Rick Holdridge	Chairman
Norman "Mike" Walsh	Vice Chairman
Don Hartman	Secretary/Treasurer
Jim Wood	Supervisor
Allen Kasparian	Supervisor
Leedrue Hyatt	Supervisor
Joel Nanez	Supervisor

Staff

Pennie Hooper	Administration Assistant
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Rick Holdridge, Chairman and
The Board of Supervisors
Deming Soil and Water Conservation District
and Honorable Hector H. Balderas New Mexico State Auditor

We have performed the procedures enumerated below for the Deming Soil and Water Conservation District (DSWCD), for the year ended June 30, 2013. The DSWCD was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the DSWCD through the Office of the New Mexico State Auditor. The Deming Soil and Water Conservation District's 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 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 findings 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.

Findings:

The DSWCD has two bank accounts and utilizes Quickbooks to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand.

Random tests of bank reconciliations revealed that the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD.

The District had no uninsured deposits during the current year; therefore pledged securities were not required as described in the New Mexico Public Money Act.

2. Capital Assets

Procedures:

- (a) Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA1978.

Findings:

The DSWCD performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

3. 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 revenue based on auditor judgment using the for 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.

Findings:

We completed an analytical review and test of actual revenue on a cash basis and compared to budgeted revenue for the year for each type of revenue. No exceptions were noted.

We selected a sample of revenues recorded in Quickbooks general ledger and tested the amount recorded for supporting documentation agreement to the bank statement. No exceptions were noted.

- (a) We tested a sample for proper classification, amount and period recorded in the general ledger on a cash basis. No exceptions were noted.

4. Expenditures

Procedures:

Select a sample of cash disbursements and test the total amount of expenditures for 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.
- (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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Findings:

We selected a sample of cash disbursements and tested the sample for amounts recorded as disbursed, supporting documentation. We tested the amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check. No exceptions were noted.

We tested the sample to determine disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions were noted.

Were applicable, we tested the sample for documentation of 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). No exceptions were noted.

5. Journal Entries

Procedures:

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

Findings:

The DSWCD utilizes Quickbooks to record cash transactions only and did not prepare journal entries. No exceptions were noted.

6. 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.

Findings:

A review of the minutes revealed that the original budget was approved by the DSWCD. The approved budgets were submitted to the DFA-LGD. However, the District did not receive any correspondence or approval from the DFA-LGD. Subsequent budget adjustments were approved by the District Board and submitted to the DFA-LGD. The District received no response from the DFA-LGD.

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

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the OSWCD.

7. 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 (l) (3) (C)NMAC.

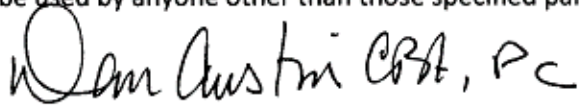
Findings:

Two non-compliance findings are reported on page 9 of this report relating to non-compliance with submission of the engagement contract and late filing of this report.

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Deming Soil and Water Conservation District, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Dan Austin CPA, P.C." The signature is written in a cursive, flowing style.

Dan Austin CPA, P. C.
Ruidoso, New Mexico
December 9, 2013

STATE OF NEW MEXICO
 DEMING SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund			Special Revenue Fund-Interstate Stream			Variance Favorable (Unfavorable)
	Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Revenues							
NMDA	\$ 9,000	\$ 12,340	\$ 12,990	\$ -	\$ -	\$ -	\$ -
Luna County	15,277	25,000	25,000	-	-	-	-
NIMACD-TSP	32,295	42,572	21,273	-	-	-	(21,299)
Program Fees	-	400	400	-	-	-	-
Equipment Sales	1,000	17,100	17,100	-	-	-	-
Interest Income	200	200	201	-	-	-	1
Loan Repayments	-	-	-	-	-	-	-
Total revenues	57,772	97,612	76,964	105,400	114,933	190,665	75,732
				105,400	114,933	190,665	75,732

Expenditures

Advertising	800	1,000	281	-	-	-	-
Bond	1,200	1,200	1,100	-	-	-	-
Dues and subscriptions	1,000	1,000	775	-	-	-	-
Education	1,700	2,000	1,694	-	-	-	-
Farm and Ranch Improvement Fund	23,005	35,277	13,111	-	-	-	-
Meeting	2,500	2,500	2,013	-	-	-	-
Professional Fees	1,000	2,000	-	-	-	-	2,000
Office	2,000	2,400	2,376	-	-	-	24
Salaries and benefits	32,295	32,295	30,940	-	-	-	1,355
Travel	2,800	4,000	3,354	-	-	-	646
Other	2,000	1,600	-	-	-	-	-
ISC Debt Service	-	-	-	-	-	-	-
Total expenditures	69,800	85,272	55,644	99,700	112,700	111,000	1,700
				99,700	112,700	111,000	1,700

Excess (Deficiency) of Revenues over Expenditures
 Cash Balance, Beginning
 Cash Balance, Ending

	(12,028)	12,340	21,320	5,700	2,233	79,665
	20,638	20,638	20,638	12,066	12,066	12,066
\$	8,610	\$ 32,978	\$ 41,958	\$ 17,766	\$ 14,299	\$ 91,731

**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.

Ramona Hays

S.W.C.D.: Deming SWCD
Period Ending: 06/30/13

YEAR TO DATE TRANSACTIONS PER BOOK'S QUARTERLY REPORT

Fund #	FUND	CASH BALANCE PER BOOKS July 1, 2011	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
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
101	GENERAL FUND	20,638.05	76,963.34	-	55,644.32	41,957.07	-	-	-	41,957.07	-	41,957.07
400	OTHER DEBT SERVICE	12,065.99	190,664.71	-	111,000.00	91,730.70	-	-	-	91,730.70	-	91,730.70
	GRAND TOTAL	\$ 32,704.04	\$ 267,628.05	\$ -	\$ 166,644.32	\$ 133,687.77	\$ -	\$ -	\$ -	\$ 133,687.77	\$ -	\$ 133,687.77

NOTE: REFER TO DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

*USER NOTES: Please describe what any correct adjustments are used for.

Revenue: 399 - I can't put the Miscellaneous (from other funds 299 sub) in the current quarter. It won't let me put anything in there. Also the year to date column is too little for the total general fund revenues. Also had trouble with the expenditures page - the year to date total expenditures current quarter is too small for total.

**State of New Mexico
Deming Soil and Water Conservation District
Schedule of Findings and Responses
Year Ended June 30, 2013**

Prior Year Findings

No agreed-upon procedures engagement was completed for fiscal year ended June 30, 2012.

Current Year Findings

13 - 1 Late Submission of AUP Engagement Contract

Condition: The AUP engagement recommendation and contract was not submitted to the New Mexico State Auditor's office by the due date of July 1, 2013.

Criteria: The New Mexico State Auditor requires public entities to submit their engagement contract to the State Auditor by July 1. If the contracts are submitted late, it is considered to be an instance of noncompliance per 2.2.2.8 (G) (6) (c) NMAC.

Cause: The District did not complete the contracts by July 1, 2013.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The District will submit future contracts by the due date.

13 - 2 Late Audit Report

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of December 1, 2013.

Criteria: The New Mexico State Auditor requires public entities to submit their audit reports by December 1. If the reports are submitted late, it is considered to be an instance of noncompliance with Subsection A of 2.2.2.9 NMAC.

Cause: The Auditor did not complete the engagement by December 1, 2013.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The District will submit future audit reports by the due date.

**State of New Mexico
Deming Soil and Water Conservation District
Exit Conference
Year Ended June 30, 2013**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on December 17, 2013 with the following in attendance:

Deming Soil and Water Conservation District

Don Hartman, Secretary/Treasurer
Pennie Hooper, Administrator Assistant

Accounting Firm

Dan Austin, CPA