

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT**

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

**For the Year Ended
JUNE 30, 2015**

**CALHOON ACCOUNTING &
TAX SERVICES
ESTANCIA, NM 87016**

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT**

Table of Contents

JUNE 30, 2015

	<u>Page</u>
Official Roster	1
Independent Accountants' Report on Applying Agreed-Upon Procedures	2
Schedule of Capital Outlay Projects	11
Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis)	12
Year-end Financial Report Submitted to DFA	13
Schedule of Findings and Responses	16
Exit Conference	17

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Official Roster
JUNE 30, 2015**

Board of Supervisors

Name	Title
Ryan Schwebach	Chairman
Bill Wrye	Vice-Chairman
Jim Berlier	Secretary/Treasurer
Jason Brumley	Member
Fronia Jarmillo	Member

Staff

Cheri Lujan	District Manager
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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

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

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

I have performed certain agreed-upon procedures, as enumerated below, with respect to East Torrance Soil and Water Conservation District (ETSWCD), for the year ended June 30, 2015. The ETSWCD was determined to be a Tier 5 entity under the Audit Act, Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by ETSWCD through the Office of the New Mexico State Auditor. ETSWCD'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, I 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.

My 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.

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

- 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 for Procedures 1(a) – 1(c)

- a. Bank reconciliations are being performed in a timely manner and all statements are complete and on hand and accounted for.
- b. Bank reconciliations are accurate and ending balances traced to the general ledger, as well as, the supporting documentation. Bank balances are reported in the quarterly reports submitted to the Department of Finance-Local Government Division as required by the department.
- c. As of June 30, 2015, Wells Fargo provided 50% pledged collateral on the excess of uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

2. CAPITAL ASSETS

Procedures

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

Findings for Procedure 2

ETSWCD is performing a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

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East Torrance Soil and Water Conservation District

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.

Selected a sample of revenues and tested 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 for Procedures 3(a) – 3(c)

- a. Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b. Amounts recorded on General Ledger generated through QuickBooks agreed with supporting documentation and the bank statements.
- c. Amounts were properly recorded on a cash basis as to classification, amount and period per review of documentation.

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New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

4. EXPENDITURES

Procedures

Select a sample of cash disbursements and test transactions and test using 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. For purposes of performing my procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.
- 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 for Procedures 4(a) – 4(c)

- a. Amounts recorded as disbursed agree to adequate supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b. Disbursements were properly authorized, approved and in compliance with 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).

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East Torrance Soil and Water Conservation District

5. JOURNAL ENTRIES

Procedures

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger; test 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 for Procedures 5(a) – 5(b)

- a. ETSWCD utilizes QuickBooks to record cash transactions only and does not prepare journal entries other than to record interest on investments. No exceptions were noted.
- b. ETSWCD does not have a policy regarding journal entries or their approval process.

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 adjustment 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.

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New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

- 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 for Procedures 6(a) – 6 (c)

- a. A review of the minutes indicates that the original budget was approved by ETSWCD and the Department of Finance Administration-Local Government Division (DFA-LGD), as presented in the attached budget report. No subsequent budget adjustments were made.
- 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 was prepared from the ETSWCD records on the Non-GAAP Budgetary Basis.

7. CAPITAL OUTLAY APPROPRIATIONS

Procedures

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended during the fiscal year, June 30, 2015.

Test all capital outlay expenditures during the fiscal year to:

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

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

- 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e. Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f. If the project was funded in advance, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- g. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h. Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation District

Findings for Procedures 7(a) – 7(i)

- a. Amount recorded as disbursed agrees to adequate supporting documentation, no exception noted.
- b. Cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures, no exception noted.
- c. The New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC) were followed, no exception noted.
- d. Observed physical existence of the capital assets.
- e. Verified that status reports were submitted to the state agency per terms of the agreement and amounts in the status report agreed with the general ledger and other supporting documentation.
- f. The project was not funded in advance.
- g. The project is complete, and there is no unexpended balance.
- h. Cash received for the award was accounted for in a separate fund.
- i. Reimbursement requests were properly supported by costs incurred by the recipient and costs were paid prior to the request for reimbursement.

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
East Torrance Soil and Water Conservation 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(0)(3) (C) NMAC.

Findings for Procedure 8

No additional information indicating any fraud, illegal acts, noncompliance, or internal control deficiencies came to the attention of the auditor.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services
Estancia, New Mexico
December 10, 2015

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Schedule of Capital Outlay Projects
JUNE 30, 2015**

Amount awarded for project:	\$35,000
Amount received:	35,000
Amount expended:	<u>35,000</u>
Remaining balance:	<u>\$ -0-</u>

Note: On July 1, 2013 East Torrance Soil and Water Conservation District (ETSWCD) entered into an agreement with the State of New Mexico Department of Agriculture, Fund 14-2134 capital appropriation project.

Project 14-2134, \$35,000, to purchase and install electronic well monitoring equipment in the East Torrance soil and water conservation district in Torrance County. The appropriation reversion date is set to be June 30, 2018.

STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Statement of Revenues and Expenditures
Budget and Actual (Cash Basis)
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		(Unfavorable) Favorable Final to Actual
<i>Revenues:</i>				
Property Tax	\$ 120,000	\$ 120,000	\$ 122,566	\$ 2,566
State allotments	67,800	67,800	68,654	854
Sales revenue - tree and seed sales	3,500	3,500	2,379	(1,121)
Reimbursements	7,050	7,050	7,834	784
Interest income	-	-	77	77
Intergovernmental Grants - Federal	2,534	2,534	-	(2,534)
Intergovernmental Grants - State	50,000	50,000	24,125	(25,875)
Project Expenses Income	40,000	40,000	34,544	(5,456)
Capital Outlay	35,000	35,000	35,000	-
<i>Total revenues</i>	<u>325,884</u>	<u>325,884</u>	<u>295,179</u>	<u>(30,705)</u>
<i>Expenditures:</i>				
Advertisements	3,200	3,200	3,494	(294)
Audit expense	3,950	3,950	-	3,950
Building expense	1,000	1,000	-	1,000
Contract Labor	19,500	19,500	15,657	3,843
Cost share payments	189,958	189,958	14,000	175,958
Dues	3,800	3,800	2,912	888
Insurance bond	175	175	162	13
Mileage and per diem	500	500	1,368	(868)
Office expense	6,500	6,500	1,740	4,760
Payroll	69,780	69,780	64,209	5,571
Payroll taxes	7,000	7,000	4,313	2,687
Postage	3,300	3,300	1,792	1,508
Special project fees	189,958	189,958	18,138	171,820
Training, workshops & meetings	11,250	11,250	6,913	4,337
Tree cost	3,300	3,300	1,962	1,338
Utilities	3,300	3,300	3,902	(602)
Vehicle expense	2,000	2,000	1,765	235
Intergovernmental Grant - Federal	2,534	2,534	-	2,534
Intergovernmental Grant - Local	40,000	40,000	40,000	-
Intergovernmental Grant - State	50,000	50,000	24,125	25,875
Capital outlay	35,000	35,000	35,000	-
<i>Total expenditures</i>	<u>646,005</u>	<u>646,005</u>	<u>241,452</u>	<u>404,553</u>
Excess (Deficiency) of revenues over expenditures	<u>(320,121)</u>	<u>(320,121)</u>	<u>\$ 53,727</u>	<u>\$ -</u>
Budgeted cash carryover	<u>320,121</u>	<u>320,121</u>		
Budgeted ending cash balance	<u>\$ -</u>	<u>\$ -</u>		

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Department of Finance and Administration
Year-end Quarterly Report
JUNE 30, 2015**

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.: East Torrance SWCD
Period Ending: 06/30/15

Chas. Shyman

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	320,121.09	-	295,179.14	-	241,451.85	371,858.72	2,594.34	-	-	374,453.06	374,453.06	-
218	INTERGOVERNMENTAL GRANTS	-	-	-	-	-	-	-	-	-	-	-	-
299	OTHER	-	-	-	-	-	-	-	-	-	-	-	-
400	DEBT SERVICE	-	-	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	320,121.09	-	295,179.14	-	241,451.85	371,858.72	2,594.34	-	-	374,453.06	374,453.06	-

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

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

Grants are all included in the general fund amounts

STATE OF NEW MEXICO
 EAST TORRANCE SOIL AND WATER
 CONSERVATION DISTRICT
 Department of Finance and Administration
 Year-end Quarterly Report
 JUNE 30, 2015

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
General Fund 101			
Property Tax - Current Year	45,349.13	122,565.69	120,000.00
Property Tax - Delinquent	-	-	-
Property Tax - Penalty & Interest	-	-	-
Oil and Gas - Equipment	-	-	-
Oil and Gas - Production	-	-	-
Total Interest income From Bank Accounts and CDs	20.11	76.99	-
Hazardous Fuels Income	-	-	-
Grass Seed and or Tree Sales	-	2,379.00	3,500.00
Book Sales	-	-	-
Rent Revenue	-	-	-
Brush Control Materials	-	-	-
Noxious Weed Program	-	-	-
Conservation Sale Items	-	-	-
State Allotments	20,299.66	68,653.77	67,800.00
Miscellaneous	-	-	-
Remimbursements / Donations	4,630.37	7,834.77	7,050.00
-	-	-	-
TOTAL GENERAL FUND REVENUES	70,299.27	201,510.22	198,350.00
Intergovernmental Grants 218			
University Grants	-	-	-
Federal Grants	-	-	2,534.05
State Grants	24,125.00	24,125.00	50,000.00
Local Grants	-	-	-
Private Grants	-	-	-
Legislative Funding	-	-	-
Miscellaneous	-	-	-
TOTAL GRANT REVENUES	24,125.00	24,125.00	52,534.05
Other 299			
Contract Services	-	-	-
Educational Income	-	-	-
Charges for Services	-	-	-
Capital Outlay Funded	-	35,000.00	35,000.00
Project Income	-	-	-
Emergency Watershed Protection Program	-	-	-
Project Income	-	-	-
Project Expenses Income	4,701.76	34,543.92	40,000.00
Silent Auctions	-	-	-
Miscellaneous	-	-	-
-	-	-	-
TOTAL OTHER 299	4,701.76	69,543.92	75,000.00
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	75,001.03	295,179.14	325,884.05

STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Department of Finance and Administration
Year-end Quarterly Report
JUNE 30, 2015

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	17,303.70	64,208.87	69,780.00
Payroll Taxes	1,124.28	4,313.16	7,000.00
Mileage and Per Diem	468.01	1,368.01	500.00
Fees and Services , Insurance Bond		162.00	175.00
Office Expense	181.13	1,739.70	6,500.00
Building Expenses (e.g. rent/maintenance) equipment		-	1,000.00
Tree and Seed Supplies	-	1,961.50	3,300.00
Election Expense	-	-	-
Education expense	-	-	-
Vehicle Expense (Insurance, gas, maintenance)	200.47	1,765.15	2,000.00
Advertising,Public Relations (e.g. newsletter)	547.92	3,493.71	3,200.00
Annual Audit Expenses		-	3,950.00
Dues and Board Fees	2,050.00	2,912.15	3,800.00
Special projects expenses	11,061.85	18,137.92	189,958.05
Postage Expense	49.00	1,792.20	3,300.00
Cost Sharing Expense	3,500.00	14,000.00	189,958.04
Brush Control Expenses		-	-
Training and Workshops, annual meetings	759.79	6,912.68	11,250.00
Contractual Services Expenses	2,116.05	15,657.30	19,500.00
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	1,194.10	3,902.50	3,300.00
Miscellaneous (e.g. Chipper Expense)	-	-	-
TOTAL GENERAL FUND EXPENDITURES	40,556.30	142,326.85	518,471.09
Intergovernmental Grants Expenditures 218			
University Grants	-	-	-
Federal Grants	-	-	2,534.05
State Grants	24,125.00	24,125.00	50,000.00
Local Grants	4,701.76	40,000.00	40,000.00
Private Grants	-	-	-
Legislative Funding	-	-	-
Other	-	-	-
Total Grant Expenditures	28,826.76	64,125.00	92,534.05
Other Expenditures 299			
Loan Payments	-	-	-
Capital Outlay Expenses/Capital Projects		35,000.00	35,000.00
Conservation and Environmental Control Expenses	-	-	-
Bonding	-	-	-
All Other Insurance	-	-	-
Loan Program Expenses Including Loan Repayments	-	-	-
Miscellaneous Expenses	-	-	-
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-
Total Other Expenditures	-	35,000.00	35,000.00
Debt Service 400			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES Current Quarter	69,383.06	241,451.85	646,005.14

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Schedule of Findings and Responses
JUNE 30, 2015**

Prior Year Findings

2015-001 Payroll Social Security and Medicare Employee Withholdings (Non-compliance) - Resolved

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT**

**Exit Conference
JUNE 30, 2015**

Exit Conference

The report contents were discussed at an exit conference held on December 10, 2015, with the following in attendance:

East Torrance Soil and Water Conservation District

Jim Berlier, Secretary/Treasurer
Fronia Jarmillo, Member
Cheri Lujan, District Manager

Calhoon Accounting & Tax Services

Renea L. Calhoon, CPA