

**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, 2016**

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

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

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**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Official Roster
JUNE 30, 2016**

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, 2016. The ETSWCD 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 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. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."**

The above mentioned revenue calculation and tier determination was accurate and ETSWCD qualifies for Tier 4.

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

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. 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 2(a) – 2(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, 2016, 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.

3. CAPITAL ASSETS

Procedures

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

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

Findings for Procedure 3

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

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.

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 4(a) – 4(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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The Board of Supervisors
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5. 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.
- 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 5(a) – 54(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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6. 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 6(a) – 6(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.

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 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.

Timothy Keller
New Mexico State Auditor
The Board of Supervisors
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- 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 7(a) – 7(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.

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.

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

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
October 26, 2016

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Schedule of Revenues and Expenditures –
Budget and Actual (Non-GAAP Cash Basis)
JUNE 30, 2016**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property Tax	\$ 123,000	\$ 123,000	\$ 128,732	\$ 5,732
State allotments	14,000	14,000	14,674	674
Sales revenue - tree and seed sales	1,500	1,500	4,374	2,874
Reimbursements	7,050	7,050	5,831	(1,219)
Interest income	-	-	85	85
Intergovernmental Grants - Federal	5,456	5,456	5,456	-
Intergovernmental Grants - State	54,800	54,800	54,322	(478)
Project Income	2,534	2,534	3,120	586
WTB Grant	25,875	25,875	15,444	(10,431)
<i>Total revenues</i>	<u>234,215</u>	<u>234,215</u>	<u>232,038</u>	<u>(2,177)</u>
<i>Expenditures:</i>				
Advertisements	3,200	3,200	1,570	1,630
Audit expense	3,950	3,950	-	3,950
Building expense	4,300	4,300	4,403	(103)
Contract Labor	19,500	19,500	13,698	5,802
Cost share payments	221,402	221,402	-	221,402
Dues	3,800	3,800	3,887	(87)
Insurance bond	175	175	162	13
Mileage and per diem	500	500	1,407	(907)
Office expense	6,500	6,500	4,234	2,266
Payroll & benefits	69,780	69,780	66,591	3,189
Payroll taxes	7,000	7,000	4,437	2,563
Postage	3,300	3,300	1,829	1,471
Special project fees	224,936	224,936	23,831	201,105
Training, workshops & meetings	10,000	10,000	6,273	3,727
Tree cost	1,200	1,200	4,039	(2,839)
Vehicle expense	3,000	3,000	2,102	898
WTB Grant	25,875	25,875	15,444	10,431
<i>Total expenditures</i>	<u>608,418</u>	<u>608,418</u>	<u>153,907</u>	<u>454,511</u>
Excess (Deficiency) of revenues over expenditures	<u>(374,203)</u>	<u>(374,203)</u>	<u>\$ 78,131</u>	<u>\$ -</u>
Budgeted cash carryover	<u>374,453</u>	<u>374,453</u>		
Budgeted ending cash balance	<u>\$ 250</u>	<u>\$ 250</u>		

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Schedule of Findings and Responses
JUNE 30, 2016**

Prior Year Findings

None

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Exit Conference
JUNE 30, 2016**

Exit Conference

The report contents were discussed at an exit conference held on October 26, 2016, with the following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Chairman

Calhoon Accounting & Tax Services

Renea L. Calhoon, CPA