

**State of New Mexico
East Torrance Soil and Water Conservation District**

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

Year Ended June 30, 2017

**Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345**

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND
WATER CONSERVATION DISTRICT
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June 30, 2017**

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**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND
WATER CONSERVATION DISTRICT
Official Roster
June 30, 2017**

Board of Supervisors

Ryan Schwebach
Bill Wyre
Jim Berlier
Jason Brumley
Fronia Jarmillo

Chairman
Vice-Chairman
Secretary/Treasurer
Supervisor
Supervisor

Staff

Cheri Lujan

District Manager

Dan Austin CPA, PC
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Ruidoso, NM 88345
505-257-0081

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ryan Schwebach, Chairman and
The Board of Supervisors
East Torrance Soil and Water Conservation District
and Honorable Wayne Johnson, New Mexico State Auditor

We have performed the procedures enumerated below for the East Torrance Soil and Water Conservation District (ETSWCD), for the year ended June 30, 2014. 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 the ETSWCD through the Office of the New Mexico State Auditor. The East Torrance 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. Verify the local public body's revenue calculation and tier determination documented on the provided at www.osanm.org under "Tiered System Reporting Main Page."**

The above mentioned revenue calculation and tier determination was accurate. Total revenue per instructions for tier determination was \$215,418 requiring a Tier 4 agreed upon procedures report. Total revenues were \$269,300.

- 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:

The ETSWCD has one operation bank account and four investment accounts. It 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. All uninsured deposits were secured per requirements of Section 6-10-17 NMSA 1978. No exceptions noted.

3. Capital Assets

Procedures:

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

Findings:

The ETSWCD performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing and all depreciation schedules were examined. No exceptions noted.

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% based of 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.

Findings:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. We tested \$264,095 or 98% of revenues amounts recorded in Quickbooks. All amounts recorded agreed with supporting documentation and the amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation. No exceptions noted.

5. Expenditures

Procedures:

Select a sample of cash disbursements equal to 30% of 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 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 tested fifty transactions totaling \$151,673 amounting to 66% of the total disbursements. The amounts disbursed agreed with supporting documentation, amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate. No exceptions noted.

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

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) were tested when applicable. No exceptions noted.

6. Journal Entries

Procedures:

Test all 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:

The financial records of East Torrance Soil and Water Conservation District indicated that journal entries were posted to the general ledger to record immaterial interest or bank charges. All journal entries appeared reasonable. No exceptions noted.

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 whether 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 ETSWCD and the DFA-LGD. The subsequent budget adjustments which were approved by the DFA-LGD. No exceptions noted.

Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. No exceptions noted.

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the ETSWCD. See page 8.

8. Other

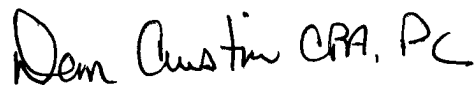
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (L)NMAC.

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.

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 agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be an expression of an opinion or conclusion on the East Torrance Soil and Water Conservation District's financial reporting and compliance as described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matter might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of East Torrance Soil and Water Conservation District, the New Mexico State Auditor's Office, the New Mexico State Legislature and the New Mexico Department of Finance and Administration - 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, PC". The signature is written in a cursive, slightly slanted style.

Dan Austin CPA, P. C.
Ruidoso, New Mexico
November 1, 2017

**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, 2017**

| Revenues: | Budget Original | Budget Final | Actual | Variance Favorable (Unfavorable) |
|--|----------------------------|-------------------------|-------------------|---|
| EWP/NRCS | \$ 150,000 | \$ 150,000 | \$ 51,468 | \$ (98,532) |
| WTB Grant | 10,431 | 10,431 | 8,909 | (1,522) |
| Mill Levy | 126,000 | 126,000 | 134,735 | 8,735 |
| NM Allocation | 14,570 | 14,570 | 13,699 | (871) |
| Tree and Seed Sales | 4,300 | 4,300 | 5,935 | 1,635 |
| NMACDE Taining | 150 | 150 | - | (150) |
| State Funding HB | 24,891 | 24,891 | 50,658 | 25,767 |
| State Funding Other | 29,531 | 29,531 | - | (29,531) |
| Reimbursements | 5,600 | 5,600 | 1,366 | (4,234) |
| BLM Agreement | 3,120 | 3,120 | 2,414 | (706) |
| Interest Income | - | - | 116 | 116 |
| Total revenue | <u>368,593</u> | <u>368,593</u> | <u>269,300</u> | <u>(99,293)</u> |
| | | | | |
| Expenditures: | | | | |
| Advertisements | 3,200 | 3,200 | 1,488 | 1,712 |
| Audit Expense | 3,950 | 3,950 | 3,203 | 747 |
| Building Expense | 5,000 | 5,000 | 3,998 | 1,002 |
| Contract Labor | 19,500 | 19,500 | 11,918 | 7,582 |
| Cost Share | 280,907 | 280,907 | 16,454 | 264,453 |
| Dues | 3,900 | 3,900 | 3,673 | 227 |
| Insurance Bond | 1,075 | 1,075 | 1,062 | 13 |
| Mileage and Per Diem | 1,500 | 1,500 | 1,017 | 483 |
| Office Expense | 8,500 | 8,500 | 2,998 | 5,502 |
| Payroll and Benefits | 67,780 | 66,480 | 64,313 | 2,167 |
| Payroll Tax | 7,200 | 8,500 | 8,033 | 467 |
| Postage | 3,300 | 3,300 | 1,915 | 1,385 |
| Special Project Expense | 183,300 | 183,300 | 9,859 | 173,441 |
| Training & Workshops | 10,000 | 10,000 | 5,735 | 4,265 |
| Tree Cost | 4,100 | 6,000 | 5,694 | 306 |
| Capital Outlay | 3,000 | 3,000 | 2,543 | 457 |
| Grant Expense | 214,551 | 212,651 | 83,438 | 129,213 |
| Total expenditures | <u>820,763</u> | <u>820,763</u> | <u>227,341</u> | <u>464,209</u> |
| | | | | |
| Excess (deficiency) of revenue and cash over expenditures | (452,170) | (452,170) | \$ 41,959 | <u>\$ 364,916</u> |
| | | | | |
| Budget Cash Carryover | <u>521,404</u> | <u>521,404</u> | <u>521,404</u> | |
| Budget Ending Cash | <u>\$ 69,234</u> | <u>\$ 69,234</u> | | |
| Ending Cash | | | <u>\$ 563,363</u> | |

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Year End Financial Report Submitted to DFA
Year Ended June 30, 2017**

Modified 12/19/04

NM Department of Finance and Administration
Local Government Division
Special District Periodic Financial Report

Entity Name: East Torrance Soil & Water Conservation District

Period Ending 00/00/00: 6/30/2017

Prepared By: Chad Lujan

ENTITY CODE: _____

FISCAL YEAR (YY): July 1, 2016 - June 30, 2017

SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS 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. THIS REPORT DEPICTS ALL FUNDS.

Signature

| Fund # | FUND NAME | BEGINNING CASH BALANCE CURRENT FY (3) | INVESTMENTS (4) | REVENUES TO DATE (5) | TRANSFERS TO DATE (6) | EXPENDITURES TO DATE (7) | QTR ENDING CASH BALANCE (3)-(4)-(5)+(6)-(7) (8) | ADD: OUTSTANDING CHECKS (9) | LESS: DEPOSITS IN TRANSIT (10) | ADJ. PER BANK NEGATIVE OR POSITIVE BAL. (11) | ADJUSTED BALANCE END (9)-(10)+(11) (12) | BALANCE PER BANK STATEMENTS (13) | DIFFERENCE (12)-(13) (14) |
|---------------------------------|-------------------------------------|---------------------------------------|-----------------|----------------------|-----------------------|--------------------------|---|-----------------------------|--------------------------------|--|---|----------------------------------|---------------------------|
| | | | | | | | | | | | | | |
| 1600031064 | GENERAL FUND (GF) | 450,865.95 | - | 269,280.17 | - | 228,260.22 | 491,865.90 | 1,816.32 | - | - | 493,712.22 | 493,712.22 | - |
| CERTIFICATES OF DEPOSIT: | | | | | | | | | | | | | |
| Pest-4102 | LOIP Fund 4102 - 06/01/17 Monthly | 16,895.52 | - | 82.13 | - | - | 16,937.65 | - | - | - | 16,937.65 | 16,937.65 | - |
| Pest-4101 | LOIP Fund 4101 - 09/30/08 Monthly | 14,214.05 | - | 1.92 | - | - | 14,215.47 | - | - | - | 14,215.47 | 14,215.47 | - |
| 646037070 | Wells Fargo Bank month CD monthly | 13,528.26 | - | 6.59 | - | - | 13,534.85 | - | - | - | 13,534.85 | 13,534.85 | - |
| 8032640 | Bank of Balcon 3 month CD 8/13/2017 | 26,752.50 | - | 26.72 | - | - | 26,779.22 | - | - | - | 26,779.22 | 26,779.22 | - |
| 8031291 | Bank of Balcon 6 month CD 12/8/2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL | | | | | | | | | | | | | |
| | | 522,216.28 | - | 269,407.03 | - | 228,260.22 | 491,865.90 | 1,816.32 | - | - | 493,712.22 | 493,712.22 | - |

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings and Responses and Exit conference
Year Ended June 30, 2017**

Prior Year Audit Findings

None

Current Year Findings

None

EXIT CONFERENCE

The report contents were discussed an exit conference by telephone with the officials of East Torrance Soil and Water Conservation District on November 7, 2017 with the following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Chairman
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA