

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

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

Year Ended June 30, 2018

**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, 2018**

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**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND
WATER CONSERVATION DISTRICT
Official Roster
June 30, 2018**

Board of Supervisors

Ryan Schwebach
Bill Wyre
Jim Berlier
Jason Brumley
Clayton Garner

Chairman
Vice-Chairman
Secretary/Treasurer
Supervisor
Supervisor

Staff

Cheri Lujan

District Manager

Financial Section

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, 2018. 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 results are detailed under Scope of Procedures and Results as noted in the table of contents.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying schedule of findings and responses as listed in the table of contents.

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, respectively on the District's financial position and operations as of and for the year ended June 30, 2018. 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 those parties specified in the report.

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-LGD and is not intended to be and should not be used by anyone other than those specified parties.



Dan Austin CPA, PC
Ruidoso, New Mexico
November 8, 2018

East Torrance Soil and Water Conservation District
Scope of Procedures and Results
June 30, 2018

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 \$235,164 requiring a Tier 4 agreed upon procedures report.

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 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 operational 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.

Tests of bank six monthly 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 9.

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.

**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, 2018**

Revenues:	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
EWP/NRCS/USFS	\$ 204,000	\$ 245,500	\$ -	\$ (245,500)
WTB Grant	-	-	1,521	1,521
Mill Levy	134,000	134,000	128,246	(5,754)
NM Allocation	13,600	13,600	13,641	41
Tree and Seed Sales	5,800	5,800	3,814	(1,986)
NMACDE Taining	150	150	-	(150)
State Funding HB	-	-	-	-
State Funding Other	50,150	50,150	50,150	-
Reimbursements	5,000	5,000	17,554	12,554
Lea SWCD Loan Proceeds	-	-	20,000	20,000
BLM Agreement	15,000	15,000	-	(15,000)
Interest Income	-	-	238	238
Total revenue	427,700	469,200	235,164	(234,036)
Expenditures:				
Advertisements	3,200	3,200	1,668	1,532
Audit Expense	-	-	-	-
Building Expense	5,000	5,000	9,107	(4,107)
Contract Labor	23,700	23,700	14,275	9,425
Cost Share	313,573	313,573	37,922	275,651
Dues	3,800	3,800	1,863	1,937
Equipment	3,000	3,000	3,587	(587)
Insurance Bond	175	175	162	13
Mileage and Per Diem	1,500	1,500	2,188	(688)
Office Expense	6,500	6,500	5,347	1,153
Payroll and Benefits	71,480	71,480	67,689	3,791
Payroll Tax	8,000	8,000	4,796	3,204
Postage	3,300	3,300	1,048	2,252
Special Project Expense	201,668	201,668	89,530	112,138
Training & Workshops	10,000	10,000	3,929	6,071
Tree Cost	5,700	5,700	3,824	1,876
Capital Outlay	-	-	-	-
Grant Expense	259,000	264,500	5,441	259,059
Total expenditures	919,596	925,096	252,376	672,720
Excess (deficiency) of revenue and cash over expenditures	(491,896)	(455,896)	\$ (17,212)	\$ 438,684
Budget Cash Carryover	521,404	521,404	563,363	
Budget Ending Cash	\$ 29,508	\$ 65,508		
GAAP Adjustment			238	
Ending Cash			\$ 546,151	

**STATE OF NEW MEXICO
 EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
 Year End Financial Report Submitted to DFA
 Year Ended June 30, 2018**

**State of New Mexico
 Local Government Budget Management System (LGBMS)
 Report Recap - Fiscal Year 2017-2018 - East Torrance SWCD - FY2018 Q4
 Printed from LGBMS on 2018-08-15 16:04:54**

Fund	Cash	Investments	Revenues	Transfers	Expenditures	Adjustments	Balance	Reserves	Adjusted Balance
11000 General Operating Fund	491,895.90	0.00	235,164.38	0.00	252,376.39	0.00	474,683.89	0.00	474,683.89
Totals	491,895.90	0.00	235,164.38	0.00	252,376.39	0.00	474,683.89	0.00	474,683.89

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings, Responses and Exit conference
Year Ended June 30, 2018**

Prior Year Audit Findings

None

Current Year Findings

None

EXIT CONFERENCE

The report contents were discussed an exit conference in the offices and with the officials of East Torrance Soil and Water Conservation District on November 20, 2018. The following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Chairman
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA