

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

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

Year Ended June 30, 2019

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

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND
WATER CONSERVATION DISTRICT
Table of Contents
June 30, 2019**

Table of Contents	1
Official Roster	2
Financial Section	
Independent Accountants' Report on Applying Agreed Upon Procedures	4
Scope of Procedures and Results	5
Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis)	9
Year-End Financial Report Submitted to DFA	10
Schedule of Findings and Responses-Status of Prior Year Findings	11
Schedule of Findings and Responses-Current Year	11
Exit Conference and Other Information	11

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND
WATER CONSERVATION DISTRICT
Official Roster
June 30, 2019**

Board of Supervisors

Ryan Schwebach
Bill Wrye
Jim Berier
Jason Brumley
Clayton Garner

Chairman
Vice-Chairman
Secretary/Treasurer
Supervisor
Supervisor

Staff

Cheri Lujan

District Manager

Financial Section

**Dan Austin CPA, PC
700 Mechem Drive Ste. 15
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 Brian Colón, 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, 2019. 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, 2019. 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
October 28, 2019

East Torrance Soil and Water Conservation District
Scope of Procedures and Results
June 30, 2019

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 \$260,675 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:

- (a) 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.
- (b) Tests of six bank monthly (50%) reconciliations revealed that the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD.
- (c) 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:

- (a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- (b) We tested 100% of revenues recorded in general ledger agreed with deposit slips and other supporting documentation provided and to the bank statements without exception.
- (c) We tested \$264,675 or 100% 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:

- (a) We tested fifty transactions totaling \$182,157 amounting to 81% 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.
- (b) All disbursements tested were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions noted.
- (c) Disbursement test work revealed no exceptions to the 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.

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:

- (a) 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.
- (b) All Journal entries are reviewed by Treasurer.

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 yes, 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) 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.
- (b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. No exceptions noted.
- (c) 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, 2019**

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
BLM/USFS Grant	\$ 121,000	\$ 121,000	\$ -	\$ (121,000)
Mill Levy	130,000	130,000	161,779	31,779
NM Allocation	12,000	12,000	14,095	2,095
Tree and Seed Sales	5,800	5,800	1,935	(3,865)
NMACDE Training	150	150	-	(150)
State Funding HB	51,607	51,607	50,140	(1,467)
Reimbursements	5,000	5,000	5,322	322
CFRP Grant	119,310	119,310	12,876	(106,434)
US Wildlife Grant	40,000	40,000	14,000	(26,000)
Interest Income	-	-	528	528
Total revenue	<u>484,867</u>	<u>484,867</u>	<u>260,675</u>	<u>(224,192)</u>
Expenditures:				
Advertisements	4,000	4,000	1,005	2,995
Building Expense	4,500	4,500	4,729	(229)
Contract Labor	23,700	23,700	13,118	10,582
Cost Share	213,850	213,850	21,183	192,667
Dues	3,800	3,800	5,693	(1,893)
Equipment	8,000	8,000	9,436	(1,436)
Insurance Bond	175	175	162	13
Debt Service	23,000	23,000	20,145	2,855
Mileage and Per Diem	5,000	5,000	113	4,887
Office Expense	6,500	6,500	7,035	(535)
Payroll and Benefits	100,500	100,500	72,528	27,972
Payroll Tax	13,000	13,000	4,596	8,404
Postage	3,300	3,300	989	2,311
Special Project Expense	183,145	183,145	7,912	175,233
Training & Workshops	13,250	13,250	11,140	2,110
Tree Cost	5,700	5,700	1,559	4,141
Capital Outlay	-	-	-	-
Grant Expense	<u>348,130</u>	<u>348,130</u>	<u>43,898</u>	<u>304,232</u>
Total expenditures	<u>959,550</u>	<u>959,550</u>	<u>225,241</u>	<u>734,309</u>
Excess (deficiency) of revenue and cash over expenditures	(474,683)	(474,683)	\$ 35,434	\$ <u>510,117</u>
Budget Cash Carryover	<u>546,388</u>	<u>546,388</u>	546,388	
Budget Ending Cash	<u>\$ 71,705</u>	<u>\$ 71,705</u>		
Other adjustments			-	
Ending Cash			<u>\$ 581,822</u>	

STATE OF NEW MEXICO
 EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
 Year End Financial Report Submitted to DFA
 Year Ended June 30, 2019

State of New Mexico
 Local Government Budget Management System (LGBMS)
 Report Recap - Fiscal Year 2018-2019 - East Torrance SWCD - FY 2019 Q4
 Printed from LGBMS on 2019-07-15 11:08:51

Fund	Cash	Investments	Revenues	Transfers	Expenditures	Adjustments	Balance	Reserves	Adjusted Balance
1988 General Operating Fund	474,884.00	72,115.39	280,875.01	0.00	228,006.86	0.00	581,487.52	0.00	581,487.52
Totals	474,884.00	72,115.39	280,875.01	0.00	228,006.86	0.00	581,487.52	0.00	581,487.52

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings, Responses, Exit Conference and Other Information
Year Ended June 30, 2019**

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 October 31, 2019. The following in attendance:

East Torrance Soil and Water Conservation District

Bill Wrye, Vice Chairman
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA

OTHER INFORMATION

The financial statement of East Torrance Soil and Water Conservation District was prepared by Dan Austin CPA, PC from books and records of the District with assistance of the management of the District.

Although standards strongly emphasize the District should prepare its own financial statements, the consensus between the Management and the independent accountant was that it would be more time and cost effective for the independent account to prepare the financial statement enclosed in this report. Accordingly, the District designated a competent management level individual to oversee the independent accountant's services, make management decisions and preform all management functions. The District reviewed, approved and accepted responsibility for the accompanying financial statement and any related notes and schedules which were prepared from the underlying accounting records which adequately support the financial statement in accordance with accounting principles generally accepted in the United States of America.