

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
TIER 5 AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2018

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
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FOR THE YEAR ENDED JUNE 30, 2018

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STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICIAL ROSTER
JUNE 30, 2018

Board of Supervisors

NAME	TITLE
David McCauley	Chairperson
Johnny Reed	Vice-Chairman
Alex Thal	Secretary-Treasurer
John Merino	Board Supervisor
Duston L. Hunt Jr.	Board Supervisor
Ellen Soles	Board Supervisor
Ty Bays	Board Supervisor

District Personnel

Rebecca Benavidez	Project Manager
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Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner
Tony Morán, CPA, Partner
Christopher Salcido, CPA, Partner
J. David Beasley, J.D., Partner

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Wayne Johnson, State Auditor
and the Board of Supervisors of the
Grant Soil and Water Conservation District, New Mexico

We have performed the procedures enumerated in the attached schedule of procedures and results, which were agreed to by the Office of the State Auditor and the Grant Soil and Water Conservation District, have specified, listed in the attached schedule, as require by Tier 5 of the Audit Act- Section 12-6-3B(6) NMSA 1978 and Section 2.2.2.16 NMAC for the year ended. Grant Soil and Water Conservation District's management is responsible for the district'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 in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are included in the attached schedule.

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 the expression of an opinion or conclusion, respectively, on the subject matter of the Grant Soil and Water Conservation District for the year ending June 30, 2018. Accordingly, the firm does 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 you.

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

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co.
Las Cruces, New Mexico
November 26, 2018

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
CAPITAL OUTLAY AWARDS

15-1086 DFA

Amount awarded	\$ 149,000
Received through June 30, 2018	90,279
Expended through June 30, 2018	94,867
Remaining balance as of June 30, 2018	\$ 54,133
Project effective date through	June 30, 2019

Legislation:

15-1086 DFA - Laws of 2015, Chapter 3, Section 87, the Legislature made appropriation of \$500,000.00 to NMED for the restoration of rivers and streams statewide, including clearing vegetation, lowering river bank lines, replanting native species vegetation and installing erosion control. NMED is authorized by NMSA 1978, Sec74-6-9(A) to receive and expend fund appropriated for the purpose consistent with the Water Quality Act and the appropriation.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

1. Revenue Calculation and Tier Determination

Procedures

Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osa.org under "Tiered System Reporting Main Page".

Results of Procedure

Grant Soil and Water Conservation District (District) had revenue excluding federal grants and capital asset appropriations of \$148,181; further, the District received and expended capital appropriations funds, therefore a Tier 5 agreed upon procedure engagement is required.

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 the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.
- 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.

Results of Procedure

- a) We obtained bank statements and corresponding reconciliation's for 4 months of the District's accounts for the fiscal year ending June 30, 2018. No exceptions were noted as a result of this procedure. Bank reconciliation's were completed in a timely manner, and all bank statements and reconciliation's are complete and on hand.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
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SCHEDULE OF PROCEDURES AND RESULTS

2. Cash (Continued)

Results of Procedure

- b) We obtained all quarterly DFA reports for District's for the fiscal ending June 30, 2018. No exceptions were noted as a result of this procedure. DFA cash matched that in the general ledger.
- c) Grant Soil and Water Conservation District did not require any pledged collateral as the amount deposited is below the \$250,000 insured amount by the FDIC, the District is in compliance with collateralizing 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 performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedure

No exceptions noted. The District's inventory count was completed during FYE 18.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

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% of the 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.

Results of Procedure

- a) Actual revenue compared to budgeted revenue for the fiscal year is reasonable and within expectations. The variance analysis for the budgets to actual may be noted in the budgetary analysis on pages 13.
- b) A sample of 9 deposits totaling \$177,576 were tested. No exceptions were noted as a result of this procedure. Amounts recorded in the general ledger agreed with supporting documents.
- c) A sample of 9 deposits totaling \$177,576 were tested. No exceptions were noted as a result of this procedure. Amounts were recorded on a cash basis as to classification, amount and period per review of supporting documentation.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

5. Expenditures

Procedures

Select a sample of cash disbursements equal to at least 30% of the 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 canceled 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedure

- a) 33 expenditures totaling \$247,840 were tested. No exceptions were noted as a result of this procedure. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee date and description agreed with the vendor's invoice, purchase order, contract, and canceled check, as appropriate.
- b) The 33 disbursements tested were properly authorized and approved in compliance with the budget, legal requirements, and established policies and procedures.
- c) There were no exceptions noted as a result of this procedure for the bid process (or request for proposal process, if applicable), contracts and agreements were processed in accordance with the New Mexico Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing 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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GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

6. Journal Entries

Procedures

Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger 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.

Results of Procedure

- a) We reviewed all non-routine journal entries and they all have supporting documentation and appear reasonable.
- b) We reviewed all non-routine journal entries and they all have been properly approved.

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 and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budgets 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.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

7. Budget (Continued)

Results of Procedure

- a) The review of Board minutes and letter from the State indicated that the budget and budget adjustments were approved by the board and the DFA.
- b) Expenditures did not exceed budgeted amounts. The variance analysis for budget to actual on pages 13. The district is in budgetary compliance.
- c) A schedule of revenue and expenses - budget and actual was prepared from Grant Soil and Water Conservation District records on cash budgetary basis on pages 13.

8. Capital Outlay Appropriations

Procedures

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 5 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the Tier 5 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- 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 canceled 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.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
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SCHEDULE OF PROCEDURES AND RESULTS

8. Capital Outlay Appropriations (Continued)

Procedures (Continued)

- c) Determine that the bid process (or request for proposal process is 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 the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- 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.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
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SCHEDULE OF PROCEDURES AND RESULTS

8. Capital Outlay Appropriations (Continued)

Results of Procedure

- a) No exceptions were noted as a result of this procedure. Amount recorded agrees with disbursed amounts and have adequate support.
- b) No exceptions were noted as a result of this procedure. Cash disbursements were properly authorized accordance with budget and legal requirements
- c) No exceptions were noted as a result of this procedure. Capital outlay expenses were tested and properly procured.
- d) No exceptions were noted as a result of this procedure. No physical asset noted, a physical observation of the cleared river was conducted.
- e) No exceptions were noted as a result of this procedure. All required reports were submitted timely.
- f) No exceptions were noted as a result of this procedure. Procedure not applicable as funding is done on a reimbursement basis.
- g) No exceptions were noted as a result of this procedure. Procedure not applicable as project is not complete.
- h) No exceptions were noted as a result of this procedure. It was noted that the appropriation had been done on a reimbursement basis thus the District does not hold any grant monies.
- i) No exceptions were noted as a result of this procedure. All costs were expensed prior to reimbursement and all supporting documentation was available.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF PROCEDURES AND RESULTS

9. 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(1)(3)(C) NMAC.

Results of Procedure

No exceptions were noted as a result of this procedure.

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Annual legislative appropriations	\$ 13,698	\$ 13,698	\$ 13,641	\$ (57)
FRIF Funds	5,000	5,000	5,000	-
State grants	135,000	135,000	128,476	(6,524)
Federal grants	348,215	348,215	163,883	(184,332)
Capital outlay funded	130,000	130,000	90,279	(39,721)
Interest income	12	12	12	-
Other revenue	1,400	1,400	1,052	(348)
	<u>633,325</u>	<u>633,325</u>	<u>402,343</u>	<u>(230,982)</u>
Total revenues	633,325	633,325	402,343	(230,982)
EXPENDITURES:				
Payroll and related costs	20,500	19,708	19,557	(151)
Mileage and per diem	2,200	2,200	1,524	(676)
Education and sponsorships	500	1,087	1,087	-
Postage supplies	150	150	-	(150)
Office supplies	2,500	2,500	552	(1,948)
Office expense	800	1,005	1,005	-
Awards/meetings/workshops	300	300	95	(205)
Annual audit/financial report expense	1,500	1,500	-	(1,500)
Dues and board fees	900	900	300	(600)
Election expense	85	85	-	(85)
Bonding expense	100	100	100	-
Federal grant expense	348,215	348,215	159,420	(188,795)
State grant expense	135,000	135,000	128,244	(6,756)
Capital projects expense	130,000	130,000	90,279	(39,721)
	<u>642,750</u>	<u>642,750</u>	<u>402,163</u>	<u>(240,587)</u>
Total expenditures	642,750	642,750	402,163	(240,587)
Net changes in fund balance	(9,425)	(9,425)	180	9,605
Fund balance - beginning of the year	10,047	10,047	10,047	-
Fund balance - end of the year	<u>\$ 622</u>	<u>\$ 622</u>	<u>\$ 10,227</u>	<u>\$ 9,605</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 180</u>	
Net change in fund balance GAAP basis			<u>\$ 180</u>	

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

PRIOR YEAR FINDINGS:

None noted

CURRENT YEAR FINDINGS:

None noted

STATE OF NEW MEXICO
GRANT SOIL AND WATER CONSERVATION DISTRICT
OFFICE OF THE STATE AUDITOR TIER 5 AGREED- UPON PROCEDURES
ENTERANCE AND EXIT CONFERENCE

An entrance conference was conducted October 14, 2018 in a closed meeting of the Grant Soil and Water Conservation District pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Grant Soil and Water Conservation District

David McCauley
Rebecca Benavidez

Board Chairperson
Board Supervisor

Beasley, Mitchell & Co., LLP

Juan Garcia

Audit Senior

An exit conference was conducted October 15, 2018 in a closed meeting of the Grant Soil and Water Conservation District pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Grant Soil and Water Conservation District

David McCauley
Rebecca Benavidez

Board Chairperson
Board Supervisor

Beasley, Mitchell & Co., LLP

Juan Garcia

Audit Senior