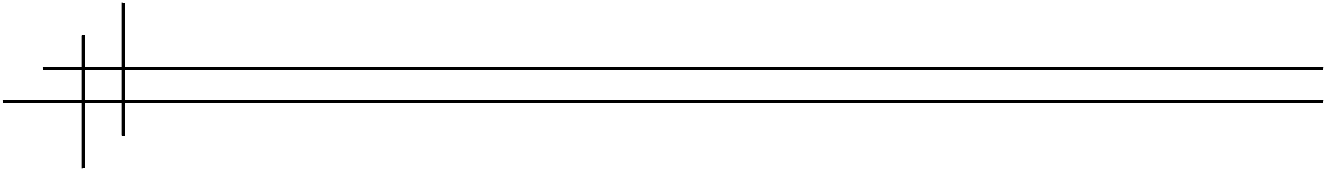


Guadalupe Soil and Water Conservation District
Santa Rosa, New Mexico

Independent Accountants' Report on
Applying Agreed-Upon Procedures
June 30, 2019

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



Guadalupe Soil and Water Conservation District
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Guadalupe Soil and Water Conservation District

Official Roster

June 30, 2019

Board of Supervisors

Vincent Cordova	President
Jose R Lucero	Vice-President
Steve Gallegos	Secretary/Treasurer
Tito Romero	Supervisor
Eugenio Lujan	Supervisor

Administration

Gloria Gage	District Clerk
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Independent Accountants' Report on Applying Agreed Upon Procedures

Mr. Brian S. Colón
State Auditor of the State of New Mexico
Board Supervisors of Guadalupe and Water Conservation District

We have performed the procedures enumerated below for Guadalupe Soil and Water Conservation District (District), for the year ended June 30, 2019. The District was determined to be a Tier 5 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The 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

a) 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".

Results:

The revenue calculation and tier determination was documented correctly on the form provided at www.osanm.org under "Tiered System Reporting Main Page".

2. Cash

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:

The District has one checking and one savings account. The two account's bank reconciliations have been performed timely and are on-hand.

The bank reconciliations tested were for the month ended October 31, 2018, January 31, 2019, February 28, 2019 and June 30, 2019. The bank balances on the bank reconciliations agreed with the bank statements and the reconciled balances on the bank reconciliations agreed with the general ledger. The reconciled balances did not agree with the DFA report for June 30, 2019. The reconciled balances total \$116,797.35, DFA Balance totaled \$117,482.43. The difference is the outstanding checks totaling \$685.08 not reported on the DFA Report. - See Finding 2019-001

Because bank accounts did not exceed the uninsured limits as of June 30, 2019 they do not require pledged collateral for any of the banks where the monies are held.

3. Capital Assets

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

Results:

The District does perform a yearly inventory, there are items to inventory. See Finding 2019-002

4. Revenue

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 based on auditor judgment, but not less than 30% of the total dollar amount and test using the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement and

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:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

The accounting basis is cash basis as required. 82% of the revenue deposited was classified correctly and recorded in the correct period, and the amount recorded in the general ledger agreed with the amount deposited.

5. Expenditures

Select a sample of cash disbursements equal to at least 30% based on auditor judgment 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 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:

The test sample of 28 expenditures were recorded. It was determined that the amount, payee, date and description agreed to the vendor's invoice, contract and canceled check, as appropriate. However, the District was reporting their Wages as Gross Receipts to the NM Tax and Revenue instead of reporting the wages to NM Department of Workforce Solutions. - See Finding 2019-003

The disbursements were authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

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) and found none that were violated. But that the District was using a CPO from another Soil & Water Conservation District but did not obtain the necessary waiver from the New Mexico General Services Department.

6. Journal Entries

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.

Results:

There are no journal entries. Books are kept on a spreadsheet consisting of checks written and deposits made.

7. Budget

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 if the 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.

Results:

A review of the minutes showed that the original budget was approved by the Board of Supervisors and that they had not adjusted the original budget.

The total expenditures did not exceed the final budget at the fund level, the legal level of budgetary control.

We prepared schedules of revenues and expenditures – budget and actual on the budgetary basis used by the local public body. We prepared these schedules from the original and final approved budgets and general ledger.

8. Capital Outlay Appropriations.

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.

- 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 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 charged with oversight per the terms of the agreement and verify that the 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 the 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.

Results:

There are no State Appropriations.

Other

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(L) NMAC.

Results:

The District non-exempt employee is being paid once a month. This is in violation of the New Mexico Payday requirements. - See Finding 2019-004

The 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. 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.

The purpose of this report is to satisfy the requirements of a Tier 5 engagement. This report is intended solely for the information and use of Guadalupe Soil and Water Conservation District, the New Mexico State Auditor's Office and Department of Finance and 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.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
October 24, 2019

Guadalupe Soil and Water Conservation District

General Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Non GAAP Basis)

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Property Tax	\$ 59,000	\$ 59,000	\$ 62,685	\$ 3,685
Allotment	13,600	13,600	14,095	495
Equipment Rents	900	900	1,400	500
Conservation Material Sales	1,400	1,400	3,025	1,625
Miscellaneous	100	100	129	29
State grant	14,183	14,183	14,183	0
Federal grant	25,019	25,019	25,019	0
Total Revenues	<u>114,202</u>	<u>114,202</u>	<u>120,536</u>	<u>6,334</u>
Expenditures				
Dues	1,000	1,000	810	190
Surety Bond	200	200	200	0
Information and Education	1,000	1,810	1,705	105
Office	2,100	2,100	2,319	(219)
Meeting	2,500	2,200	2,269	(69)
Supervisor per diem per meeting	5,700	5,700	5,178	522
Payroll expenses	34,000	31,000	28,575	2,425
Travel	3,100	5,290	5,608	(318)
Advertising	1,000	1,000	935	65
Awards	200	200	0	200
Audit	3,225	3,225	1,079	2,146
Equipment maintenance	2,100	1,200	848	352
Fees	100	55	16	39
Insurance	1,500	1,500	1,331	169
Miscellaneous	0	0	1,271	(1,271)
NMFA Loan payment	4,825	0	4,823	(4,823)
Equipment Loan payments	8,450	8,450	8,409	41
Project expense	2,500	8,000	10,200	(2,200)
Conservation material purchases	1,500	2,070	2,066	4
WTB grant	14,183	14,183	13,402	781
Federal grant	25,019	25,019	21,189	3,830
Total Expenditures	<u>114,202</u>	<u>114,202</u>	<u>112,233</u>	<u>1,969</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	8,303	8,303
Cash Balance Beginning of Year	<u>108,494</u>	<u>108,494</u>	<u>108,494</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 108,494</u>	<u>\$ 108,494</u>	<u>\$ 116,797</u>	<u>\$ 8,303</u>

**DEPARTMENT OF FINANCE AND ADMINISTRATION (DFA)
 LOCAL GOVERNMENT DIVISION (LGD)
 BUDGET AND FINANCE BUREAU
 SOIL AND WATER CONSERVATION DISTRICT
 QUARTERLY YEAR TO DATE FINANCIAL REPORT**

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER THAN ONE MONTH 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.

Vincent Cordova
 (signature line)

Special District: GUADALUPE
 Quarter Ending: 06/30/2019
 Prepared by: Gloria Gage

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE @ 07/01/2018	INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
GENERAL FUND - Operating (GF)	101	\$ 109,928.43	-	\$ 81,333.04	-	\$ 78,390.40	\$ 112,871.07	\$ -	\$ -	-	\$ 112,871.07	-	\$ 112,871.07
INTERGOVERNMENTAL GRANTS	218	-	-	\$ 39,202.70	-	\$ 34,591.34	\$ 4,611.36	-	-	-	\$ 4,611.36	-	4,611
OTHER	299	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE	400	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 109,928.43	\$ -	\$ 120,535.74	\$ -	\$ 112,981.74	\$ 117,482.43	\$ -	\$ -	\$ -	\$ 117,482.43	\$ -	\$ 117,482.43

SPECIAL DISTRICT: GUADALUPE

QUARTER ENDING: 6/30/19

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	YTD % OF BUDGET
General Fund 101 (enter items below)				
Property Taxes (Mil Levy)	\$ 24,521.55	\$ 62,684.82	\$ 59,000.00	\$ 1.06
New Mexico SWCC Allotment	\$ -	\$ 14,094.79	\$ 13,600.00	\$ 1.04
Equipment Rental	\$ -	\$ 1,400.00	\$ 900.00	\$ 1.56
Construction Material	\$ 517.56	\$ 3,025.12	\$ 1,400.00	\$ 2.16
Other Income	\$ 8.48	\$ 128.31	100	128%
Subtotal General Fund Revenues	\$ 25,047.59	\$ 81,333.04	\$ 75,000	108%
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL GENERAL FUND REVENUES	\$ 25,047.59	\$ 81,333.04	\$ 75,000	108%
Intergovernmental Grants 218 (enter items below)				
2015 WTB - State Grant	\$ -	\$ 14,183.33	14,183	100%
LSRCP - Federal Grant	\$ 8,684.28	\$ 25,019.37	25,019	100%
Subtotal Intergovernmental Grants Revenues	\$ 8,684.28	\$ 39,202.70	\$ 39,203	100%
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL INTERGOV. GRANT REVENUES	\$ 8,684.28	\$ 39,202.70	\$ 39,203	100%
Other 299 (enter items below)				
	-	-	-	-
	-	-	-	-
Subtotal Other 299 Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL OTHER REVENUES	\$ -	\$ -	\$ -	-
Debt Service 400				
General Obligation Bonds	-	-	-	-
General Obligation - (Property tax)	-	-	-	-
Investment Income	-	-	-	-
Other - Misc.	-	-	-	-
Revenue Bonds	-	-	-	-
Bond Proceeds	-	-	-	-
Revenue Bonds - GRT	-	-	-	-
Investment Income	-	-	-	-
Revenue Bonds - Other	-	-	-	-
Miscellaneous(NMFA, BOF, etc.)	-	-	-	-
Subtotal Debt Service Fund Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources: Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	-
GRAND TOTAL REVENUES	\$ 33,731.87	\$ 120,535.74	\$ 114,202.70	106%

Guadalupe Soil and Water Conservation District
Schedule of Findings and Responses
June 30, 2019

Prior Year Audit Findings

2018-001 Late IPA Recommendation and Audit Contract

Status

Resolved

Current Year Audit Findings

2019-001 Quarterly Financial Reports - Compliance and Other Matters

Condition

The 4th Quarter DFA report submitted by the District did not include the \$685.08 worth of outstanding checks.

Criteria

Section 6-6-2 NMSA, 1978 requires that each local public body submit periodic financial reports, at least quarterly, to the Department of Finance and Administration - Local Government Division.

Cause

Was not trained and overlooked outstanding checks column on spreadsheet.

Effect

The District was not in full compliance with Section 6-6-2 NMSA, 1978.

Recommendation

Quarterly reports should be accurately completed . The District should ensure that the correct balances be reported to DFA.

Response

This will be corrected on the 2nd quarterly budget report on 12/31/19 due to DFA.

Responsible Employee

District Clerk

Resolution Timeline

06/30/2020

2019-002 Certification of Inventory-Compliance and Internal Control-Significant Deficiency Condition

The District did not certify the inventory for the fiscal year ended June 30, 2019.

Criteria

2.2.2.10 (W) (1) (2) NMAC - Capital asset inventory: (1) The Audit Act (at Section 12-6-10 NMSA 1978) requires agencies to capitalize only chattels and equipment that cost over five thousand dollars (\$5,000). All agencies shall maintain a capitalization policy that complies with the law. All agencies shall maintain an inventory listing of capitalized chattels and equipment that cost over five thousand dollars (\$5,000). (2) Agencies shall conduct an annual physical inventory of chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of Section 12-6-10 NMSA 1978. The agency shall certify the correctness of the inventory after the physical inventory. This certification shall be provided to the agency's auditors. The IPA shall audit the inventory listing for correctness and compliance with the requirements of the Audit Act.

Cause

The Board of Supervisors did not know they needed to certify the inventory .

Effect

Fixed Assets could be misappropriated intentionally or not intentionally. Without taking inventory and certifying it is not known if all inventory has been accounted for. Replacing items cost the District funds that could be spent on other necessary items or programs.

Recommendation

We recommend a physical inventory be taken annually and certified as to its correctness. The certification should be made available to the auditors.

Response

Inventory will be certified to correctness and signed by Board of Supervisors at the end of fiscal year June 30, 2020.

Responsible Employee

District Clerk

Resolution Timeline

06/30/2020

2019-003 SUTA-Compliance and Other Matters

Condition

The District was reporting Wages as Gross Receipts Tax to NM Tax and Revenue Department instead of to New Mexico Workforce Solutions.

Criteria

New Mexico Department of Labor, Employment Security Division. State Unemployment (SUTA Form 903A) is due by the last day of the month following end of the quarter. Instructions for completing the 903 A can be found at [www.jobs.state.nm.us/ES903 A](http://www.jobs.state.nm.us/ES903A).

Cause

Miss communication with Lawrence with NM Taxation Revenue Department on filing CRS form back on 3/9/18.

Effect

This caused an over payment to New Mexico Tax and Revenue and an underpayment to New Mexico Workforce Solutions.

Recommendation

The District needs to amend all CRS reports for the past five years and request a refund. The District also needs to call Workforce Solutions to determine how they want to get caught up on the SUTA reports and payments.

Response

Waiting on amended reports to be processed on TAP. Will send in form RPD-41071 once credit is our account.

Responsible Employee

District Clerk

Resolution Timeline

06/30/2020

2019-004 Payday-Compliance and Other Matters

Condition

The District is paying their non-exempt employee once a month.

Criteria

New Mexico Stat. 50-4-2 An employer must designate regular pay days no more than sixteen (16) days apart. An employer must pay employees for wages earned during the 1st to 15th day of the month by the 25th of the month, and for wages earned during the 16th to last day of the month by the 10th day of the following month. An employer may pay professional, administrative or executive employees, or outside salesman one time per month.

Cause

Boards of Supervisors only meet once a month where all checks are signed.

Effect

Paying employees late is equivalent of nonpayment for the purpose of FLSA. The District could be subject to civil money penalties it can impose for certain violations of the federal Fair Labor Standards Act. In accordance with the enactment of the Civil Penalties Inflation Adjustment Act Improvements Act of 2015, agencies now adjust penalties annually. The FLSA's Section 16(e)(2) authorizes USDOL to impose a monetary penalty for a "repeated" or "willful" violation of that law's minimum-wage or overtime requirements. That penalty is up to \$1,964 per violation.

Recommendation

The District should start paying non-exempt employees at least semi-monthly.

Response

Board of Supervisors looking at employee getting paid twice a month. They will look into resolving this by January 1, 2020.

Responsible Employee

District Clerk

Resolution Timeline

06/30/2020

Exit Conference

An exit conference was held on October 24, 2019. Those present were Vincent Cordova-Board Supervisor, Gloria Gage-District Clerk, and De'Aun Willoughby, CPA.