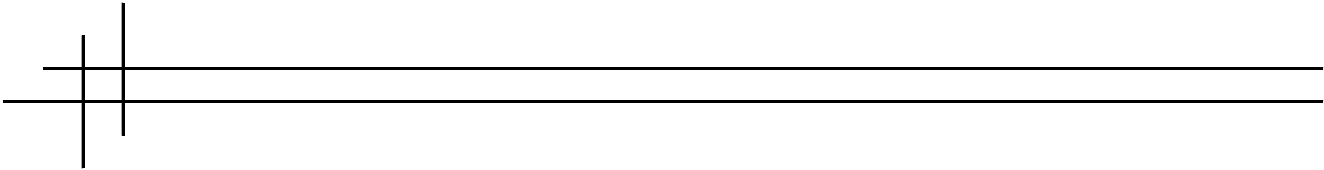




Hagerman-Dexter Soil and Water Conservation District
Hagerman, New Mexico

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

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



Hagerman-Dexter Soil and Water Conservation District
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Hagerman-Dexter Soil and Water Conservation District

Official Roster

June 30, 2019

Board of Supervisors

Robert Jolley	President
Ray Miles	Vice-President
James Freeland	Secretary/Treasurer
Stuart Bogle	Member
David Sterrett	Member

Administration

Debbie Powell Trujillo	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 Hagerman-Dexter and Water Conservation District

We have performed the procedures enumerated below for Hagerman-Dexter Soil and Water Conservation District (District), for the year ended June 30, 2019. The District was determined to be a Tier 4 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 on a timely basis and are on-hand.

The bank reconciliations tested were for the month ended 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 agreed with the DFA report for June 30, 2019. The reconciled balances total \$136,877.

Because bank accounts did not exceed the uninsured limits as of June 30, 2019 pledged collateral is not required 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 have and is maintaining an inventory list. They also took and certified a fiscal year end inventory.

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. 90% 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:

A test sample of 11 expenditures, 70%, was reviewed. We verified that amount, payee, date and description agreed to the vendor's invoice, purchase order, contract and canceled check, as appropriate.

We verified that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

We verified 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) 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 were no journal entries.

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 indicated that the original budget and subsequent budget adjustments were approved by the Board of Supervisors.

The total of actual 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. These schedules were prepared from the original and final approved budgets and general ledger.

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:

No other information came to auditor's attention.

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 4 engagement. This report is not suitable for any other purpose. This report is intended solely for the information and use of the Hagerman-Dexter and Water Conservation District, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration 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 3, 2019

Hagerman-Dexter 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				
NMSU Funding	\$ 14,000	\$ 14,000	\$ 13,515	\$ (485)
Mill Levy	40,000	40,000	34,911	(5,089)
Chaves County	1,000	1,000	1,000	0
Miscellaneous	2,000	2,000	4,486	2,486
Interest Income	100	100	174	74
Total Revenues	<u>57,100</u>	<u>57,100</u>	<u>54,086</u>	<u>(3,014)</u>
Expenditures				
Personnel Services	7,500	7,500	6,313	1,187
Board Members	3,000	3,000	1,271	1,729
Insurance	3,500	3,500	2,555	945
Office Expenses	4,000	4,000	1,443	2,557
Building Expenses	10,000	10,000	860	9,140
Postage	300	300	105	195
Education	4,000	4,000	245	3,755
Advertising & Public Relations	2,000	2,000	301	1,699
Training & Workshops	3,000	3,000	363	2,637
Travel	1,000	1,000	414	586
Meetings & Dues	1,500	1,500	1,150	350
Legal Expenses	5,000	5,000	0	5,000
Cost Sharing Expense	20,000	20,000	15,857	4,143
Utilities	2,000	2,000	1,362	638
Noxious Weeds Coordinator	10,000	10,000	10,000	0
AUP Expense	0	0	3,462	(3,462)
Miscellaneous	2,000	2,000	4,691	(2,691)
Equipment	20,000	20,000	0	20,000
Total Expenditures	<u>98,800</u>	<u>98,800</u>	<u>50,392</u>	<u>48,408</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,700)	(41,700)	3,694	45,394
Cash Balance Beginning of Year	<u>133,183</u>	<u>133,183</u>	<u>133,183</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 91,483</u>	<u>\$ 91,483</u>	<u>\$ 136,877</u>	<u>\$ 45,394</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**

PLEASE 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.

Soil and Water Conservation District: Hagerman-Dexter
 Period Ending: 6/30/19

By: Debbie Powell Trujillo; District Clerk

Year-To-Date Transactions Per Books Quarterly Report

FUND NO.	FUND (1)	CASH BALANCE PER BOOKS July 1, 2017 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)	DIFFERENCE (12)
101	GENERAL FUND	\$ 133,182.92	\$ 54,085.53	\$ -	\$ 50,391.79	\$ 136,876.66	\$ 4,401.25		\$ -	\$ 141,277.91	\$ 141,277.91	\$ -
218	INTERGOVERNMENTAL GRANTS		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
299	OTHER		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
400	DEBT SERVICE		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
	GRAND TOTAL	\$ 133,182.92	\$ 54,085.53	\$ -	\$ 50,391.79	\$ 136,876.66	\$ 4,401.25	\$ -	\$ -	\$ 141,277.91	\$ 141,277.91	\$ -

NOTE: DETAIL PAGES will complete the Recap except for Cash Per Books on July 1.

*USER NOTES: (Please describe what any reserve requirements are used for).

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Property Tax-Mill Levy	\$ 11,535.13	\$ 34,910.89	\$ 40,000.00	0.8727723
Total Interest From Bank Accounts and CDs	\$ 86.18	\$ 174.12	\$ 100.00	1.7412
NMSU-State Allocation	\$ -	\$ 13,515.05	\$ 14,000.00	0.9653607
Chaves County Commissioners Allotment	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	1
Miscellaneous	\$ 2.00	\$ 2.00	\$ 2,000.00	0.001
Uncategorized	\$ -	\$ 4,483.47	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
TOTAL GENERAL FUND REVENUES	\$ 12,623.31	\$ 54,085.53	\$ 57,100.00	0.9472072
Intergovernmental Grants 218				
State or University Grants	\$ -	\$ -	\$ -	
Federal Grants	\$ -	\$ -	\$ -	
State Grants	\$ -	\$ -	\$ -	
Local Grants	\$ -	\$ -	\$ -	
Private Grants	\$ -	\$ -	\$ -	
Legislative Funding	\$ -	\$ -	\$ -	
Miscellaneous (e.g. NMDA)	\$ -	\$ -	\$ -	
TOTAL GRANT REVENUES	\$ -	\$ -	\$ -	
Other 299				
Contract Services	\$ -	\$ -	\$ -	
Educational Income	\$ -	\$ -	\$ -	
Charges for Services	\$ -	\$ -	\$ -	
Capital Outlay Funded	\$ -	\$ -	\$ -	
Project Income-Conservation & Environmental	\$ -	\$ -	\$ -	
Emergency Watershed Protection Program	\$ -	\$ -	\$ -	
Project Income - Reloan Program	\$ -	\$ -	\$ -	
Project Expenses Income	\$ -	\$ -	\$ -	
Silent Auctions	\$ -	\$ -	\$ -	
Miscellaneous	\$ -	\$ -	\$ -	
OTHER FUND 299 FROM DETAIL TAB	\$ -	\$ -	\$ -	
TOTAL OTHER 299	\$ -	\$ -	\$ -	
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.)				
Investment Income	\$ -	\$ -	\$ -	
Loan Revenue	\$ -	\$ -	\$ -	
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	
GRAND TOTALS REVENUES- CURRENT QTR	\$ 12,623.31	\$ 54,085.53	\$ 57,100.00	0.9472072

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Personnel Services, Salaries including Benefits	\$ 1,681.23	\$ 6,312.52	\$ 7,500.00	0.8416693
Mileage and Per Diem- Board Member Stipend	\$ 601.25	\$ 1,270.77	\$ 3,000.00	0.42359
Insurance (Building & Tort Claims) and Bonding	\$ -	\$ 2,555.00	\$ 3,500.00	0.73
Office Expenses (including phone & Internet) and Office Supplies	\$ 522.31	\$ 1,442.52	\$ 4,000.00	0.36063
Building Expenses (e.g. rent/maintenance)	\$ 430.24	\$ 860.40	\$ 10,000.00	0.08604
Postage Expense	\$ 55.00	\$ 105.00	\$ 300.00	0.35
Education Expense	\$ -	\$ 245.17	\$ 4,000.00	0.0612925
Election Expense	\$ -	\$ -	\$ -	
Advertising and Public Relations (includes legal announcements)	\$ -	\$ 300.68	\$ 2,000.00	0.150340
Training and Workshops	\$ -	\$ 363.38	\$ 3,000.00	0.12112667
Per Diem & Mileage (employees)	\$ 99.19	\$ 413.77	\$ 1,000.00	0.41377
Meetings (includes Annual Meeting) & Dues	\$ -	\$ 1,150.25	\$ 1,500.00	0.7668333
Legal Expenses	\$ -	\$ -	\$ 5,000.00	0
Cost Sharing Expense	\$ 13,377.75	\$ 15,856.75	\$ 20,000.00	0.7928375
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	\$ 452.46	\$ 1,362.15	\$ 2,000.00	0.681075
Noxious Weeds Coordinator	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	1
AUP Expense	\$ -	\$ 3,461.99	\$ 3,500.00	0.98914
Miscellaneous	\$ -	\$ 207.97	\$ 2,000.00	0.103985
Equipment	\$ -	\$ -	\$ 16,500.00	0
Uncategorized	\$ -	\$ 4,483.47	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
Total General Fund Expenditures	\$ 27,219.43	\$ 50,391.79	\$ 98,800.00	0.5100384
Intergovernmental Grants Expenditures 218				
State or University Grants	\$ -	\$ -	\$ -	
Federal Grants	\$ -	\$ -	\$ -	
State Grants	\$ -	\$ -	\$ -	
Local Grants	\$ -	\$ -	\$ -	
Private Grants	\$ -	\$ -	\$ -	
Legislative Funding	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Total Grant Expenditures	\$ -	\$ -	\$ -	
Other Expenditures 299				
Loan Payments	\$ -	\$ -	\$ -	
Capital Outlay Expenses/Capital Projects	\$ -	\$ -	\$ -	
Conservation and Environmental Control Expenses	\$ -	\$ -	\$ -	
Bonding	\$ -	\$ -	\$ -	
All Other Insurance	\$ -	\$ -	\$ -	
Loan Program Expenses including Loan Repayments	\$ -	\$ -	\$ -	
Miscellaneous Expenses	\$ -	\$ -	\$ -	
OTHER FUND 299 FROM DETAIL TAB	\$ -	\$ -	\$ -	
Total Other Expenditures	\$ -	\$ -	\$ -	
Debt Service 400				
Bond Payments Principal	\$ -	\$ -	\$ -	
Bond Payments- Interest	\$ -	\$ -	\$ -	
Other Debt Service	\$ -	\$ -	\$ -	
Total Debt Service Expenditures	\$ -	\$ -	\$ -	
TOTAL EXPENDITURES Current Quarter	\$ 18,545.70	\$ 34,380.95	\$ 98,800.00	0.347985324

NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

Hagerman-Dexter 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 Certified Chief Procurement Officers-Compliance and Other Matters

Condition

The District does not have a CPO.

Criteria

Procurement code Sections 13-1-1 to 13-1-199 NMSA 1978 including providing the state purchasing agent with the name of the agency's or local public body's chief procurement officer, pursuant to Section 13-1-95.2 NMSA 1978, and state purchasing regulations 1.4.1 NMAC, or home rule equivalent. If the District is using an outside CPO then the District is required to obtain a waiver from New Mexico General Services Department.

Cause

The District is using the CPO from Chaves SWCD in Roswell. The District was unaware that the District needed to obtain a waiver from the New Mexico General Services Department.

Effect

The purpose of the training was to improve the procurement process through gained knowledge.

Recommendation

The District should contact the New Mexico General Services Department and obtain a waiver.

Response

The District will contact the New Mexico General Services Department to obtain a waiver.

Responsible Employee

District Clerk

Resolution Timeline

06/30/2020

Exit Conference

An exit conference was held on October 3, 2019. Those present were David Sterrett-Board Supervisor, Debbie Powell Trujillo-District Clerk, Starla Sharp-Auditor and De'Aun Willoughby, CPA.