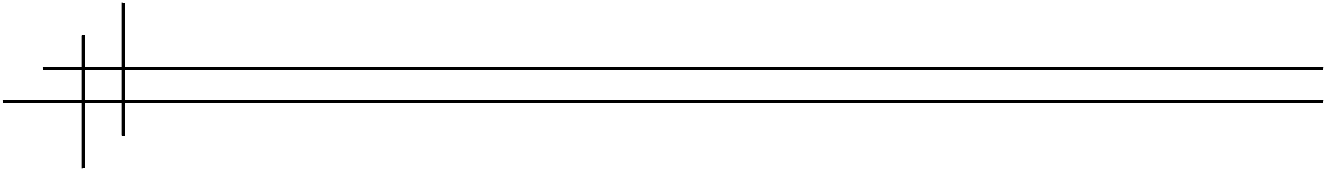




Hagerman-Dexter Soil and Water Conservation District
Hagerman, New Mexico

Independent Accountants' Report on
Applying Agreed-Upon Procedures
June 30, 2018

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



Hagerman-Dexter Soil and Water Conservation District
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For the Year Ended June 30, 2018

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Hagerman-Dexter Soil and Water Conservation District
Official Roster
June 30, 2018

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. Wayne Johnson
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, 2018. 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, 2018. 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, 2018. The reconciled balances total \$133,183.

Because bank accounts did not exceed the uninsured limits as of June 30, 2018 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 physical 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. 92% 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 19 expenditures, 65%, 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.

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:

See Finding 2018-001

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.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
November 2, 2018

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, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
NMSU Funding	\$ 14,000	\$ 14,000	\$ 13,641	\$ (359)
Mill Levy	40,000	40,000	36,046	(3,954)
Chaves County	1,000	1,000	1,000	0
Miscellaneous	2,000	2,000	4	(1,996)
Interest Income	100	100	76	(24)
Total Revenues	<u>57,100</u>	<u>57,100</u>	<u>50,767</u>	<u>(6,333)</u>
Expenditures				
Advertising	2,000	2,000	342	1,658
Annual Meeting	0	0	616	(616)
Audit	0	6,000	0	6,000
Board Members	3,000	3,000	1,131	1,869
Building Expense	10,000	10,000	968	9,032
Cost Share	20,000	20,000	6,160	13,840
Dues	1,500	1,500	350	1,150
Education	4,000	4,000	2,100	1,900
Election	0	2,000	0	2,000
Equipment	20,000	12,000	0	12,000
Insurance	3,500	3,500	2,242	1,258
Legal	5,000	5,000	0	5,000
Miscellaneous	2,000	2,000	123	1,877
Noxious Weeds Coordinator	10,000	10,000	10,000	0
Office Supplies	4,000	4,000	1,060	2,940
Per Diem-Mileage	1,000	1,000	216	784
Postage	300	300	168	132
Salary	7,500	7,500	4,456	3,044
Scholarship	0	0	0	0
Taxes	0	0	1,518	(1,518)
Training & Workshops	3,000	3,000	0	3,000
Utilities	2,000	2,000	2,930	(930)
Total Expenditures	<u>98,800</u>	<u>98,800</u>	<u>34,380</u>	<u>64,420</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,700)	(41,700)	16,387	58,087
Cash Balance Beginning of Year	<u>116,796</u>	<u>116,796</u>	<u>116,796</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 75,096</u>	<u>\$ 75,096</u>	<u>\$ 133,183</u>	<u>\$ 58,087</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.

By: ie Powell Trujillo, District Clerk

Soil and Water Conservation District: Hagerman-Dexter
 Period Ending: 6/30/18

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	\$ 116,796.43	\$ 50,767.44	\$ -	\$ 34,380.95	\$ 133,182.92	\$ 1,612.75		\$ -	\$ 134,795.67	\$ 133,182.92	\$ 1,612.75
218	INTERGOVERNMENTAL GRANTS		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
299	OTHER		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
400	DEBT SERVICE		\$ -	\$ -	\$ -	\$ -				\$ -		\$ -
	GRAND TOTAL	\$ 116,796.43	\$ 50,767.44	\$ -	\$ 34,380.95	\$ 133,182.92	\$ 1,612.75	\$ -	\$ -	\$ 134,795.67	\$ 133,182.92	\$ 1,612.75

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	\$ 11,084.90	\$ 36,045.83	\$ 40,000.00	0.90114575
Total Interest From Bank Accounts and CDs	\$ 24.88	\$ 76.30	\$ 100.00	0.763
NMSU-State Allocation	\$ -	\$ 13,641.31	\$ 14,000.00	0.974379286
Chaves County Commissioners Allotment	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	1
Miscellaneous	\$ 2.00	\$ 4.00	\$ 2,000.00	0.002
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
TOTAL GENERAL FUND REVENUES	\$ 12,111.78	\$ 50,767.44	\$ 57,100.00	0.889097023
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	\$ 12,111.78	\$ 50,767.44	\$ 57,100.00	0.889097023

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	\$ 2,802.20	\$ 5,974.27	\$ 7,500.00	0.796569333
Mileage and Per Diem- Board Member Stipend	\$ 369.39	\$ 1,131.26	\$ 3,000.00	0.377086667
Insurance (Building & Tort Claims) and Bonding	\$ -	\$ 2,242.00	\$ 3,500.00	0.640571429
Office Expenses (including phone & Internet) and Office Supplies	\$ 658.17	\$ 2,221.82	\$ 4,000.00	0.555455
Building Expenses (e.g. rent/maintenance)	\$ 322.50	\$ 967.50	\$ 10,000.00	0.09675
Postage Expense	\$ -	\$ 168.00	\$ 300.00	0.56
Education Expense	\$ 100.00	\$ 2,100.00	\$ 4,000.00	0.525
Election Expense	\$ -	\$ -	\$ -	
Advertising and Public Relations (includes legal announcements)	\$ -	\$ 342.20	\$ 2,000.00	0.1711
Training and Workshops	\$ -	\$ -	\$ 3,000.00	0
Per Diem & Mileage (employees)	\$ 216.14	\$ 216.14	\$ 1,000.00	0.21614
Meetings (includes Annual Meeting) & Dues	\$ 100.00	\$ 966.53	\$ 1,500.00	0.644353333
Legal Expenses	\$ -	\$ -	\$ 5,000.00	0
Cost Sharing Expense	\$ 3,500.00	\$ 6,160.00	\$ 20,000.00	0.308
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	\$ 477.30	\$ 1,768.38	\$ 2,000.00	0.88419
Noxious Weeds Coordinator	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	1
AUP Expense	\$ -	\$ -	\$ -	
Miscellaneous	\$ -	\$ 122.85	\$ 2,000.00	0.061425
Equipment	\$ -	\$ -	\$ 20,000.00	0
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
Total General Fund Expenditures	\$ 18,545.70	\$ 34,380.95	\$ 98,800.00	0.347985324
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, 2018

Prior Year Audit Findings

Status

Not Applicable

Current Year Audit Findings

2018-001 Late IPA Recommendation and Audit Contract-Compliance and Other Matter

Condition

The IPA recommendation and audit contract was not received by the Office of the State Auditor by the required due date of July 1, 2018. The IPA recommendation and audit contract were not mailed to the Office of the State Auditor until after August 1, 2018.

Criteria

Subsection F, Paragraph 8 (e) of 2.2.2.8 NMAC requires local public bodies that qualify for the tiered system to deliver the unsigned contract generated by OSA-Connect to the OSA by July 1.

Cause

There was not a District Clerk hired during the timeline of hiring an auditor.

Effect

Subsection F, Paragraph 8 (e) of 2.2.2.8 NMAC was violated.

Recommendation

The District should contract with an approved auditor timely.

Response

The District will comply with OSA deadlines for audit requirements in the future.

Responsible Party and Timeline

The District Clerk is responsible for this finding. It will be corrected by May 31, 2019.

Exit Conference

An exit conference was held on November 2, 2018. Those present were Ray Miles-Board Vice-President, Debbie Powell Trujillo-District Clerk, and De'Aun Willoughby, CPA.