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State of New Mexico  
Lea Soil and Water Conservation District

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

Sandra Rush CPA PC  
1101 E Llano Estacado  
Clovis, New Mexico 88101

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STATE OF NEW MEXICO  
LEA SOIL AND WATER CONSERVATION DISTRICT

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For the Year Ended June 30, 2018

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STATE OF NEW MEXICO  
LEA SOIL AND WATER CONSERVATION DISTRICT

Official Roster  
For the Year Ended June 30, 2018

Board of Directors

John Norris	Chairman
Jeremy Gonzales	Vice Chairman
Rhea Howe	Treasurer
J. W. Spears	Supervisor
Brent Van Dyke	Supervisor
Waylon Crozier	Supervisor
Mark Daugherty	Supervisor

Staff

Shay Hager	District Manager
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# *Sandra Rush*

*Certified Public Accountant PC*

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*1101 E Llano Estacado Clovis, New Mexico*

*88101 575-763-2*

## Independent Accountants' Report On Applying of Tier 4 Agreed-Upon Procedures

Wayne A Johnson  
New Mexico State Auditor  
Board of Directors  
Lea Soil and Water Conservation District  
Lovington, New Mexico

I have performed the procedures enumerated below for the Lea Soil and Water Conservation District (the 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 and Section 2.2.2.16 NMAC. 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, I 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. My procedures and findings are as follows.

### **Procedures**

1. Verify the local public body's revenue calculation and tier determination documentation on the form provided at [www.saonm.org](http://www.saonm.org) under "Tiered System Reporting Main Page"

### **Results of Procedures Performed**

I verified the District's revenue calculation and tier determination. No exceptions noted.

## **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.
- 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 Procedures Performed**

- a) The District has one checking account and one investment account and utilizes QuickBooks to record cash transactions. Random test of four (4) bank reconciliations revealed the reconciliations were performed timely and all bank statements were complete and on-hand.
- b) Random test of four (4) bank reconciliations revealed the reconciliations were accurate and agree with the QuickBooks general ledger and quarterly financial reports submitted to DFA-LGD.

b) Bank account balances did not exceed uninsured limits as of June 30, 2018, therefore, pledged collateral was not required on the bank account at the end of the year.

### 3. **Capital Assets**

#### **Procedures**

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

#### **Results of Procedures Performed**

The District maintains a capital assets inventory listing and performed an annual inventory as required by Section 12-6-10 NMSA 1978.

### 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 revenue 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 Procedures Performed:**

a) An analytical review of prior year to current year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

b) Traced 9 deposits (approximately 31% of the total revenues) on the district's financial records and agreed to the supporting documentation (deposit slips and bank statements). No exceptions noted.

c) Amounts were properly recorded on a cash basis as to classification, amount and period on the District's general ledger. No exceptions noted.

### 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 order, 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 Procedures Performed**

- a) Test of 8 transactions, approximately 60% of the total expenditure amount for the fiscal year revealed that amounts recorded as disbursed agreed to the supporting documentation. The documentation agrees as to amount, payee, date and description agree to the vendor's invoice. No exceptions noted.
- b) District disbursements were authorized disbursements for the operations of the District and approved in compliance with budget, legal requirements and established policies and procedures. No exceptions noted.
- c) District maintained documentation for all its purchases to demonstrate compliance with the bid process (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 (1.41 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.12.2 NMAC). No exceptions noted.

## **6. Journal Entries Procedures**

Test all non-routine journal entries, adjustment 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 policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

## **Results of Procedures Performed**

The District maintained its financial records (QuickBooks) on the cash basis. The District did not post any journal entries to adjust or reclassify any of its receipts or disbursements.

## **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 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 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 of Procedures Performed**

- a) The District prepared and submitted an approved budget by the District for approval to DFA-LGD for the year ended June 30, 2018. Subsequent budget adjustments were approved by the board.
- b) Determined that total actual expenditures did not exceed the final budget at the legal level of budgetary control for the District.
- c) A schedule of revenues and expenditures was prepared from the District's records on a cash budgetary basis. This schedule is included herein. The District submitted quarterly reports to DFA-LGD for the fiscal year.

## **8. 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(L) NMAC.

## Results of Procedures Performed

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget, Capital Outlay Appropriations or Other of the Lea Soil and Water Conservation District as of and for the year ended June 30, 2018, included in the accompanying information provided to me by management of the Lea Soil and Water Conservation District. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of Lea Soil and Water Conservation District, the New Mexico State Auditor's Office and the 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 the specified parties.



Sandra Rush CPA PC  
Clovis New Mexico  
August 1, 2018

STATE OF NEW MEXICO  
LEA SOIL AND WATER CONSERVATION DISTRICT

Schedule of Revenues and Expenses - Budget and Actual (Non GAAP Basis)  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Annual funding	\$ 74,200	\$ 74,200	\$ 76,500	\$ 2,300
State funding	-	-	12,277	12,277
Interest	110	110	331	221
Inventory	3,500	3,500	1,070	(2,430)
Rental	71,000	71,000	55,167	(15,833)
Federal sources administration fee	-	-	8,844	8,844
<b>Total revenues</b>	<b>148,810</b>	<b>148,810</b>	<b>154,189</b>	<b>5,379</b>
Cash balance budgeted	<u>173,679</u>	<u>173,679</u>	<u>173,679</u>	<u>-</u>
Total revenues and cash balance budgeted	322,489	322,489	327,868	5,379
<b>Expenses</b>				
Advertising	3,000	3,000	3,815	(815)
Board expense	13,000	13,000	7,356	5,644
Building	40,000	40,000	28,674	11,326
Contract services	5,500	5,500	5,409	91
Education	500	500	566	(66)
Equipment / vehicles	19,250	19,250	5,021	14,229
Inventory	5,000	5,000	2,200	2,800
Employee	46,500	46,500	45,255	1,245
Miscellaneous	6,500	6,500	-	6,500
Office expense	4,700	4,700	4,418	282
Postage	-	-	100	(100)
Cost share	-	-	3,500	(3,500)
CWMA	<u>20,000</u>	<u>20,000</u>	<u>9,125</u>	<u>10,875</u>
<b>Total expenses</b>	<b>163,950</b>	<b>163,950</b>	<b>115,439</b>	<b>48,511</b>
<b>Other sources and uses</b>				
Administered federal sources	262,500	262,500	240,677	(21,823)
Expended federal sources	<u>(250,000)</u>	<u>(250,000)</u>	<u>(236,570)</u>	<u>(13,430)</u>
	<u>12,500</u>	<u>12,500</u>	<u>4,107</u>	<u>8,393</u>
Excess revenues and cash balance budgeted over (under) expenses	<u>\$ 171,039</u>	<u>\$ 171,039</u>	<u>\$ 216,536</u>	<u>\$ 45,497</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: Lea  
 Period Ending: 06/30/18

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2017 (2)	REVENUES TO DATE (3)	INVESTMENTS (4)	NET TRANSFERS (5)	EXPENDITURES TO DATE (6)	BOOK BALANCE END OF PERIOD (7)	ADD: OUTSTANDING CHECKS (8)	LESS: DEPOSITS IN TRANSIT (9)	ADJUSTMENTS (10)	ADJUSTED BALANCE END OF PERIOD (11)	BALANCE PER BANK STATEMENTS (12)	DIFFERENCE (13)
101	GENERAL FUND	\$ 104,091.00	145,154		4,107	122,738	130,613.79	(5,996)		-	124,618.25	124,956	(338)
218	INTERGOVERNMENTAL GRANTS		-		-	-	-				-		-
299	OTHER	\$ -	240,677		(4,107)	236,570	0.23				0		0
400	DEBT SERVICE	\$ 34,794.00	191		-	-	34,985.40				34,986	34,986	-
	<b>GRAND TOTAL</b>	\$ 138,885	\$ 386,022		\$ -	\$ 359,308	\$ 165,599	\$ (5,996)	\$ -	\$ -	\$ 159,604	\$ 159,942	\$ (338)

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).

SWCD:  
Lea

Period Ending: 6/30/2018

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>General Fund 101</b>				
Total Property Tax Production To Date		0	0	
Total Interest From Bank Accounts and CDs	27	139	110	1.267818182
Hazardous Fuels Income		0	0	
Grass Seed and or Tree Sales	0	0	0	
Book Sales		0	0	
Rent Revenue	13832	55167	71000	0.777
Brush Control Materials		0	0	
		0		
		0		
		0		
Noxious Weed Program		0	20000	
		0		
Conservation Sale Items		1070	3500	0.305714286
		0		
Miscellaneous( Lea County Funding)	30600	88777	54200	1.637955351
		0	0	
		0	0	
		0	0	
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 44,459</b>	<b>\$ 145,154</b>	<b>\$ 148,810</b>	<b>0.975429339</b>
<b>Intergovernmental Grants 218</b>				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Miscellaneous (e.g. NMDA)	0	0	0	
<b>TOTAL GRANT REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Other 299</b>				
Contract Services	66086	240677	262500	0.916864952
Educational Income	0	0	0	
Charges for Services	0	0	0	
Capital Outlay Funded	0	0	0	
Project Income-Conservation & Environmental	0	0	0	
Emergency Watershed Protection Program	0	0	0	
Project Income - Reloan Program	0	0	0	
Project Expenses Income	0	0	0	
Silent Auctions	0	0	0	
Miscellaneous	0	0	0	
<b>OTHER FUND 299 FROM DETAIL TAB</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OTHER 299</b>	<b>\$ 66,086</b>	<b>\$ 240,677</b>	<b>\$ 262,500</b>	<b>0.916864952</b>
<b>Debt Service 400</b>				
<b>General Obligation Bonds</b>				
General Obligation - (Property Tax)	0	0	0	
Investment Income	53	191	0	
Other - Misc	0	0	0	
<b>Revenue Bonds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Bond Proceeds	0	0	0	
Revenue Bonds - GRT	0	0	0	
Investment Income	0	0	0	
Revenue Bonds - Other	0	0	0	
Miscellaneous (NMFA, BOF, etc.)	0	0	0	
Investment Income	0	0	0	
Loan Revenue	0	0	0	
<b>TOTAL DEBT SERVICE REVENUES</b>	<b>\$ 53</b>	<b>\$ 191</b>	<b>\$ -</b>	<b>-</b>
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>	<b>\$ 110,599</b>	<b>\$ 386,022</b>	<b>\$ 411,310</b>	<b>0.938518611</b>

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



Prior Year Finding

2016-001	Controls Over Disbursements	Material Weakness/Compliance	Resolved
2017-001	Annual Inventory Certification	Significant Deficiency/Compliance	Resolved
2017-002	Budget Over Expended	Material Weakness/Compliance	Resolved

Current Year Finding      None

Exit Conference

The report contents were discussed at an exit conference held on August 1, 2018 with the following in attendance:

Lea Soil and Water Conservation District

Rhea Howe, Secretary / Treasurer  
Shay Hager, District Manager

Audit Firm

Sandra Rush, CPA

STATE OF NEW MEXICO  
 LEA SOIL AND WATER CONSERVATION DISTRICT

Schedule of Summary of Findings  
 For the Year Ended June 30, 2018

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>Audit Fiscal Year</i>	<i>Financial Statement Opinion</i>	<i>Finding Number</i>	<i>New or Repeat Finding</i>	<i>Year Finding Originated</i>	<i>Classification of Finding</i>	<i>Category of Finding</i>	<i>Summary of Finding (250 characters max.)</i>	<i>If the Finding is attributable to a Component Unit, Name of Component Unit</i>
8025	Lea Soil & Water Conservation District	Soil & Water Conservation Districts	2018	AUP - No Opinion	None						