
State of New Mexico
Lea Soil and Water Conservation District

Independent Accountants' Report on
Applying Agreed-Upon Procedures
June 30, 2011

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT

Official Roster
For the Year Ended June 30, 2011

Board of Directors

John Norris	Chairman
Jeremy Gonzales	Vice Chairman
Rhea Howe	Secretary/Treasurer
Brent Van Dyke	Supervisor
J W Spears	Supervisor
Ron Glass	Supervisor
Mark Daugherty	Supervisor

STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT

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Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado Clovis, New Mexico

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Independent Accountants' Report On Applying Agreed-Upon Procedures

John Norris, Chairperson
Lea Soil and Water Conservation District
and
Honorable Hector H Balderas
New Mexico State Auditor

I have performed the procedures enumerated below for the Lea Soil and Water Conservation District (Lea SWCD), for the year ended June 30, 2011. The Lea SWCD 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 Lea SWCD through the Office of the New Mexico State Auditor. The Lea SWCD'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. Our procedures and findings are as follows.

1. **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) Perform a random test 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 (DFA-LGD).
- 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.

Findings

- a) The Lea SWCD has one checking account and one Edward Jones account and utilizes QuickBooks to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year.
- b) All bank reconciliations in a sample of 6 were accurate and agreed to the QuickBooks general ledger. The cash balance on June 30, 2011 did not agree with the balance submitted to DFA-LGD.

- c) Bank account balances did not exceed uninsured limits as of June 30, 2011 and, therefore, pledged collateral was not required on any bank account at the end of the year.

2. **Capital Assets**

Procedures

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

Findings

Lea SWCD does maintain a capital assets inventory listing and, did perform an annual inventory as required by Section 12-6-10 NMSA 1978.

3. **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.

Test 50% of the total amount of revenues for 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.

Findings

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each revenue type revealed no exceptions.
- b) Amounts recorded on QuickBooks general ledger did agree with deposit tickets, other supporting documentation provided and the bank statements, without any exceptions.
- c) Amounts were properly recorded on cash basis as to classification, amount and period per review of supporting documentation.

4. **Expenditures**

Procedures

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for 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 check clearing amount (cancelled checks not returned), 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).

Findings

- a) Tests of transactions revealed that amounts recorded as disbursed agreed to supporting documentation, with no exceptions. Amount paid, payee, date and description agreed with the vendor’s invoice, purchase order, contract and check clearing amount, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the legal requirements and established policies and procedures.
- c) 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.4 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

5. Journal Entries

Procedures

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attribute:

- 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.

Findings

The Lea SWCD utilizes QuickBooks to record cash transactions. The results of our tests are as follows:

- a) No journal entries were made for the year.
- b) The Lea SWCD has procedures that require journal entries to be reviewed.

6. 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, 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.

Findings

- 1) Reviewed the minutes and correspondence, to verify that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD. Determined there were no subsequent budget adjustments.
- b) Total actual expenditures did exceed the final budget \$62,438 at the total fund level, the legal level of budgetary control.

Other

Procedures

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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.

Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies.

I was not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, I do not express such an opinion. 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 the Lea Soil and Water Conservation District, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.



Sandra Rush, CPA, PC
November 8, 2012

STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT

Schedule of Revenues and Expenses - Budget and Actual (Modified Accrual Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actuals	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales				
Plant	\$ -	\$ -	\$ 415	\$ 415
Seed	1,176	1,176	4,444	3,268
Rental				
Building lease	51,250	51,250	49,140	(2,110)
Grain drill	-	-	322	322
Skid steer	-	-	2,631	2,631
Interest	64	64	49	(15)
Lea County				
Funding	80,000	80,000	80,000	-
Noxious weed reimbursement	-	-	822	822
NMSU (point system)	21,900	21,900	9,436	(12,464)
Miscellaneous	247	247	1,486	1,239
Total revenues	154,637	154,637	148,745	(5,892)
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	154,637	154,637	148,745	(5,892)
Expenditures				
Advertising	-	7,325	1,713	5,612
Board	-	5,486	6,678	(1,192)
Building	-	14,809	57,545	(42,736)
Contract services				
Accounting fees	-	1,478	1,373	105
Audit fees	-	3,000	1,300	1,700
Cost of goods sold	-	-	3,364	(3,364)
Dues / registrations	-	2,551	2,533	18
Educational outreach	-	-	1,698	(1,698)
Fuel	-	-	506	(506)
Insurance				
Medical	-	-	3,350	(3,350)
Property	-	-	1,932	(1,932)
Interest and penalty	-	-	1,374	(1,374)
Lea County Noxious weed program				
Advertising	-	-	499	(499)
Chemical for spraying	-	-	14,789	(14,789)
Miscellaneous	-	-	-	-
Office supplies	-	9,705	1,785	7,920
Payroll				
Liability	-	-	2,741	(2,741)
Wages	-	31,445	29,165	2,280
Total expenditures	-	75,799	132,345	(56,546)
Excess revenues over (under) expenses	\$ 154,637	\$ 78,838	\$ 16,400	\$ (62,438)

STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT
Findings and Responses
Year Ended June 30, 2011

2010-1 Budget - Internal Control & Compliance - Material Weakness

Condition

The District actual expenditures exceeded the budget \$62,438.

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. The fund level is the legal level of control.

Cause

Unknown

Effect

As a result, the district is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds.

Recommendation

The District must establish a policy of budgetary review when purchases are authorized and make necessary budget adjustments.

Response

The District will be watching budgets closely in the future and monitoring for these occurrences in order to make budget adjustments in a timely manner.

STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT
Findings and Responses
Year Ended June 30, 2011

2010-2 Agreed Upon Procedure Report Filed Late – Compliance and Internal Control – Material Weakness

Condition

The June 30, 2011 agreed upon procedure report was submitted to the State Auditor's office December 1, 2012 which was not timely.

Criteria

According to State Auditor Rule NMAC 2.2.2.9.A, the agreed upon procedure reports are due by December 1 of the fiscal year audited.

Cause

The agreed upon procedure report was not submitted to the New Mexico State Auditor on or before December 1, 2011.

Effect

The District is not in compliance with State Auditor Rule 2.2.2.9.A for the fiscal year ended June 30, 2011.

Recommendation

The audit needs to be submitted timely.

Agency response

The District agrees.

EXIT CONFERENCE

The report contents were discussed at an exit conference held on November 8, 2012 with the following in attendance:

Lea Soil and Water Conservation District

Rhea Howe, Board of Supervisors member
Laura Offutt, District Manager

Accounting Firm

Sandra Rush, CPA

STATE OF NEW MEXICO
 LEA SOIL AND WATER CONSERVATION DISTRICT

Schedule of Findings and Responses
 For the Year Ended June 30, 2011

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current year findings			
Budget	C, D	2010-1	2010-1
Agreed Upon Procedure Report Filed Late	C, D	2010-2	2010-2
Follow-up on prior year findings			
Budget	Repeated	Repeated	Repeated
Agreed Upon Procedure Report Filed Late	Repeated	Repeated	Repeated

- * Legend for findings
 A. Fraud
 B. Illegal act(s)
 C. Internal control deficiency(ies)
 D. Noncompliance

**DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
BUDGET AND FINANCE BUREAU
SOIL AND WATER CONSERVATION DISTRICT QUARTERLY 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.

S.W.C.D.: Lea SWCD
Period Ending: 06/30/12

x _____
Sandra J. [Signature]

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2011 (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	78,736	-	-	-	86,213	-	-	(9)	86,213	-	86,213
299	OTHER	-	-	-	-	-	-	-	-	-	-	-
400	DEBT SERVICE	-	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	\$ 78,736	\$ -	\$ -	\$ -	\$ 86,213	\$ -	\$ -	\$ -	\$ 86,213	\$ -	\$ 86,213

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

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

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Mill Levy Funds: Property Tax - Current Year	0	0	0	#DIV/0!
Property Tax - Delinquent	0	0	0	#DIV/0!
Property Tax - Penalty & Interest	0	0	0	#DIV/0!
Oil and Gas - Equipment	0	0	0	#DIV/0!
Oil and Gas - Production	0	0	0	#DIV/0!
Total Interest income (e.g. From Bank Accounts and CDs)	0	0	0	#DIV/0!
Hazardous Fuels Income	0	0	0	#DIV/0!
Grass Seed and or Tree Sales	0	0	0	#DIV/0!
Book Sales	0	0	0	#DIV/0!
Rent Revenue (e.g. equipment rentals)	0	0	0	#DIV/0!
Brush Control Materials	0	0	0	#DIV/0!
Noxious Weed Program	0	0	0	#DIV/0!
Conservation Sale Items	0	0	0	#DIV/0!
Legislative Funding	0	0	0	#DIV/0!
Capital Outlay Funded	0	0	0	#DIV/0!
Grants Income	0	0	0	#DIV/0!
Miscellaneous	0	0	0	#DIV/0!
TOTAL GENERAL FUND REVENUES	0	0	0	
OTHER FINANCING SOURCES				
Transfers In	0	0	0	#DIV/0!
Transfers (Out)	0	0	0	#DIV/0!
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
Other (Non Operational) 299				
Water Trust Board	0	0	0	#DIV/0!
District Building (e.g. rent)	0	0	0	#DIV/0!
Interstate Streams Loan Program Revenue	0	0	0	#DIV/0!
Emergency Watershed Protection Program Revenue	0	0	0	#DIV/0!
Miscellaneous	0	0	0	#DIV/0!
TOTAL OTHER 299	\$ -	\$ -	\$ -	
OTHER FINANCING SOURCES				
Transfers In	0	0	0	#DIV/0!
Transfers (Out)	0	0	0	#DIV/0!
TOTAL - OTHER FINANCING SOURCES	0	0	0	
Debt Service 400				
General Obligation Bonds	0	0	0	#DIV/0!
General Obligation - (Property Tax)	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Other - Misc	0	0	0	#DIV/0!
Revenue Bonds	0	0	0	#DIV/0!
Bond Proceeds	0	0	0	#DIV/0!
Revenue Bonds - GRT	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Revenue Bonds - Other	0	0	0	#DIV/0!
Miscellaneous (NMFA, BOF, etc.)	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Loan Revenue	0	0	0	#DIV/0!
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	
OTHER FINANCING SOURCES				
Transfers In	0	0	0	#DIV/0!
Transfers (Out)	0	0	0	#DIV/0!
TOTAL - OTHER FINANCING SOURCES	0	0	0	
GRAND TOTALS REVENUES- CURRENT QTR	\$ -	\$ -	\$ -	

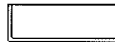
NOTE: If this report is for the first quarter YEAR TO DATE will be the same as the CURRENT QUARTER.

SWCD:

Lea SWCD

Period Ending: 06/30/12

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Personnel Services, Salaries including Benefits	0	0	0	#DIV/0!
GRT Taxes	0	0	0	#DIV/0!
Mileage and Per Diem	0	0	0	#DIV/0!
Fees and Services Expenses (e.g. supervisors)	0	0	0	#DIV/0!
Meeting Expense	0	0	0	#DIV/0!
Building Expenses (e.g. rent/maintenance/telephone)	0	0	0	#DIV/0!
Office Supplies	0	0	0	#DIV/0!
Election Expense	0	0	0	#DIV/0!
Education expense	0	0	0	#DIV/0!
Vehicle Expense (Insurance, gas, maintenance)	0	0	0	#DIV/0!
Advertising, Public Relations (e.g. newsletter, awards)	0	0	0	#DIV/0!
Annual Audit Expenses	0	0	0	#DIV/0!
Dues and Subscriptions	0	0	0	#DIV/0!
Field Supplies (e.g. Salt Cedar Mechanical Removal)	0	0	0	#DIV/0!
Postage Expense	0	0	0	#DIV/0!
Cost Sharing Expense	0	0	0	#DIV/0!
Brush Control Expenses	0	0	0	#DIV/0!
Training and Workshops	0	0	0	#DIV/0!
Contractual Services Expenses	0	0	0	#DIV/0!
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	0	0	0	#DIV/0!
Bonding/Liability Insurance	0	0	0	#DIV/0!
Grants Expense	0	0	0	#DIV/0!
Conservation Project Expenses	0	0	0	#DIV/0!
Miscellaneous (e.g. Chipper Expense)	0	0	0	#DIV/0!
TOTAL GENERAL FUND EXPENDITURES	0	0	0	
Other Expenditures 299				
Water Trust Board	0	0	0	#DIV/0!
District Building	0	0	0	#DIV/0!
Interstate Streams Loan Program Expense	0	0	0	#DIV/0!
Emergency Watershed Protection Program Expense	0	0	0	#DIV/0!
Miscellaneous	0	0	0	#DIV/0!
Total Other Expenditures	\$ -	\$ -	\$ -	#DIV/0!
Debt Service 400				
Bond Payments Principal	0	0	0	#DIV/0!
Bond Payments- Interest	0	0	0	#DIV/0!
Other Debt Service	0	0	0	#DIV/0!
Total Debt Service Expenditures	\$ -	\$ -	\$ -	#DIV/0!
TOTAL EXPENDITURES Current Quarter	\$ -	\$ -	\$ -	



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