

**STATE OF NEW MEXICO
LEA SOIL AND WATER
CONSERVATION DISTRICT
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Year Ended June 30, 2014**

Ronny Fouts, CPA
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**STATE OF NEW MEXICO
LEA SOIL AND
WATER CONSERVATION DISTRICT
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June 30, 2014**

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**STATE OF NEW MEXICO
LEA SOIL AND
WATER CONSERVATION DISTRICT
Official Roster
June 30, 2014**

Board of Supervisors

John Norris
Jeremy Gonzales
Rhea Howe
J. W. Spears
Mark Daugherty
Brent Van Dyke

Chairman
Vice-Chairman
Secretary/Treasurer
Member
Member
Member

Johnna L. Wier
Shay Hager

District Manager
District Manager Elect

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

John Norris, Chairman and
The District Board
LEA Soil & Water Conservation District
and Honorable Hector H. Balderas New Mexico State Auditor

We have performed the procedures enumerated below for the LEA Soil & Water Conservation District for the year ended June 30, 2014. The LEA Soil & Water Conservation 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 LEA Soil & Water Conservation District through the Office of the New Mexico State Auditor. The LEA Soil & Water Conservation 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. 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:

The LEA Soil & Water Conservation District has one checking account and and one Edward Jones account and utilizes Quickbooks to record transactions. All bank reconciliations are

performed within days of receiving the bank statements and all were complete and on-hand.

Random tests of bank reconciliations revealed that the reconciliations agreed with supporting documentation. The amounts reported on Quickbooks did not agree with the quarterly financial reports submitted to DFA-LGD. 2014-1

2. Capital Assets

Procedures:

- (a) Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA1978.

Findings:

The LEA Soil & Water Conservation District performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

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.
- (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:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. Amounts recorded in Quickbooks agreed with supporting documentation and the amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

4. Expenditures

Procedures:

Select a sample of cash disbursements and test 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 cancelled 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Findings:

Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

Disbursements were properly 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 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 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.

Findings:

The LEA Soil & Water Conservation District utilizes Quickbooks to record cash transactions only and did not prepare journal entries.

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:

A review of the minutes revealed that the original budget was approved by the LEA Soil & Water Conservation District and the DFA-LGD. There were five subsequent budget adjustments which were approved by the DFA-LGD.

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

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the LEA Soil & Water Conservation District.

7. 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 (I) (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, noncompliance, or any internal control deficiencies.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of LEA Soil & 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.



Ronny Fouts, CPA
Melrose, New Mexico
November 20, 2014

STATE OF NEW MEXICO
 LEA SOIL AND WATER CONSERVATION DISTRICT
 Statement of Revenues, Expenditures, and Changes
 in Cash Balance - Budget and Actual (Non-GAAP)
 General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Interest	90	90	109	19
Miscellaneous	53,200	53,200	52,201	(999)
Rent Revenue	60,700	60,700	62,419	1,719
Noxious Weed Program	33,473	33,473	60,409	26,936
Conservation Sale Items	9,590	9,590	9,569	(21)
State Allotment	12,300	12,300	12,907	607
299 Miscellaneous	417,014	417,014	-	(417,014)
WIF Grant	-	-	-	-
Total Revenues	\$ 586,367	\$ 586,367	\$ 197,614	\$ (388,753)
Expenditures:				
Personnel Services	\$ 65,647	\$ 65,647	\$ 54,956	\$ 10,691
Mileage and Per Diem	3,000	3,000	834	2,166
Office Expense	8,968	8,968	3,906	5,062
Building Expense	60,000	60,000	43,236	16,764
Education Expense	2,000	2,000	3,146	(1,146)
Vehicle Expense	16,000	16,000	4,605	11,395
Advertising, public relations	5,000	5,000	2,308	2,692
Annual Audit	5,700	5,700	-	5,700
Dues and Board Fees	4,000	4,000	2,346	1,654
Postage Expense	2,500	2,500	92	2,408
Cost Sharing Expense	53,110	53,110	15,000	38,110
Training and Workshops	3,500	3,500	5,678	(2,178)
Contractual Services Expenses	4,300	4,300	2,666	1,634
Utilities	9,600	9,600	8,655	945
Miscellaneous (chipper Expenses)	43,973	43,973	17,144	26,829
Contractual Services Expenses	5,500	5,500	-	5,500
299 Miscellaneous Expenses	417,014	417,014	16,870	400,144
Debt Service	-	-	23,995	(23,995)
Total Expenditures	709,812	709,812	205,437	504,375
Excess (deficiency) of revenues over expenditures	(123,445)	(123,445)	(7,823)	115,622
Cash Balance at beginning of year	193,192	193,192	193,192	-

**STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings and Responses
Year Ended June 30, 2014**

Prior Year Audit Findings

2013-1 Budget – Internal control & Compliance	Resolved
2013-2 Farm Equipment Rental Contracts Internal control	Resolved
2013-3 Submission of The Audit Contract and Recommendation	Resolved
2013-4 Cash Control – Internal Control & compliance	Repeated
2013-5 Capital Asset Listing	Resolved

Current Year Findings

2014-1 Cash Control –Internal control & compliance Material Weakness

Condition:

The Lea SWCD has one checking account and one Edward Jones account and utilizes Quickbooks to record cash transaction.

The cash balance reported to DFA on June 30, 2014 was \$154,728.15, the cash balance on the Quickbooks general ledger was \$200,671.65, a difference of \$45,943.50.

Criteria:

Bank statement should be reconciled to the balance in the general ledger and subsidiary ledgers as required by 6-10-2 NMSA 1978. All bank and investment accounts should be included in the general ledger.

As the oversight agency, the Local Government Division Department of Finance and Administration (DFA) requires that the district maintain accurate accounting records and file accurate and timely reports to DFA pursuant to 6-6-3 NMSA 1978.

Cause:

A lack of required recordkeeping knowledge, internal control, and policies and procedures designed to detect and correct such situations and conditions.

Effect:

Errors and irregularities may not be detected in a timely manner.

Recommendation:

We recommend all reports provided to the State Department of Finance and Administration, Local Government Division should reconcile to the general ledger.

Agency response:

The agency has replaced the district manager who is in charge of the record keeping with a more knowledgeable person and subsequent to year end this has been corrected.

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.

x *Shay Heger*

S.W.C.D.: Lea SWCD
 Period End: 6/31/14

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND	UNAUDITED BEGINNING CASH BALANCE @ July 1	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: CHECKS TRANSIT	LESS: DEPOSITS ADJUSTMENT	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
101	GENERAL FUND	121,462.58	197,614.08	-	164,492.51	154,584.15	-	-	154,584.15	135,462.06	19,122.09
218	INTERGOVERNMENTAL GRA	-	-	-	-	-	-	-	-	-	-
299	OTHER	17,014.00	-	-	16,870.00	144.00	-	-	144.00	144.00	-
400	DEBT SERVICE	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	138,476.58	197,614.08	-	181,362.51	154,728.15	-	-	154,728.15	135,606.06	19,122.09

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				
Property Tax - Current Year	-	-	-	#DIV/0!
Property Tax - Delinquent	-	-	-	#DIV/0!
Property Tax - Penalty & Interest	-	-	-	#DIV/0!
Oil and Gas - Equipment	-	-	-	#DIV/0!
Oil and Gas - Production	-	-	-	#DIV/0!
Total Interest income From Bank Accounts and CDs	28.10	109.12	90.00	1.21
Hazardous Fuels Income	-	-	-	#DIV/0!
Grass Seed and or Tree Sales	-	-	-	#DIV/0!
Book Sales	-	-	-	#DIV/0!
Rent Revenue	13,835.50	62,418.60	60,700.00	1.03
Brush Control Materials	-	-	-	#DIV/0!
Noxious Weed Program	40,409.65	60,409.65	33,473.00	1.80
Conservation Sale Items	1,949.12	9,569.09	9,590.00	1.00
State Allotments	-	12,906.91	12,300.00	1.05
Miscellaneous	-	52,200.71	53,200.00	0.98
	-	-	-	#DIV/0!
	-	-	-	#DIV/0!
TOTAL GENERAL FUND REVENUES	56,222.37	197,614.08	169,353.00	
Intergovernmental Grants 218				
University Grants	-	-	-	#DIV/0!
Federal Grants	-	-	-	#DIV/0!
State Grants	-	-	-	#DIV/0!
Local Grants	-	-	-	#DIV/0!
Private Grants	-	-	-	#DIV/0!
Legislative Funding	-	-	-	#DIV/0!
Miscellaneous	-	-	-	#DIV/0!
TOTAL GRANT REVENUES	-	-	-	n/a
Other 299				
Contract Services	-	-	-	#DIV/0!
Educational Income	-	-	-	#DIV/0!
Charges for Services	-	-	-	#DIV/0!
Capital Outlay Funded	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Emergency Watershed Protection Program	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Project Expenses Income	-	-	-	#DIV/0!
Silent Auctions	-	-	-	#DIV/0!
Miscellaneous	-	-	417,014.00	-
	-	-	-	#DIV/0!
TOTAL OTHER 299	-	-	417,014.00	
Debt Service 400				
General Obligation Bonds	-	-	-	#DIV/0!
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
Revenue Bonds	-	-	-	#DIV/0!
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRI	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
Miscellaneous (NMFA, BOF, etc.)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Loan Revenue	-	-	-	#DIV/0!
TOTAL DEBT SERVICE REVENUES	-	-	-	
GRAND TOTALS REVENUES- CURRENT QTR	56,222.37	197,614.08	586,367.00	

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

EXPENDITURES	Period Ending: Jun-14		APPROVED BUDGET
	CURRENT QUARTER	YEAR TO DATE	
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	54,956.16	54,956.16	65,647.00
GRT Taxes	-	-	-
Mileage and Per Diem	433.86	433.86	3,000.00
Fees and Services	-	-	-
Office Expense	3,965.72	3,965.72	8,968.00
Building Expenses (e.g. rent/maintenance)	43,236.26	43,236.26	60,000.00
Supplies	-	-	-
Election Expense	-	-	-
Education expense	3,145.94	3,145.94	2,000.00
Vehicle Expense (Insurance, gas, maintenance)	4,665.25	4,665.25	16,000.00
Advertising, Public Relations (e.g. newsletter)	2,300.24	2,300.24	5,000.00
Annual Audit Expenses	-	-	5,700.00
Dues and Board Fees	2,245.83	2,245.83	4,000.00
Field Supplies (e.g. Salt Cedar Mechanical Removal)	-	-	-
Postage Expense	92.00	92.00	2,500.00
Cost Sharing Expense	7,500.00	15,000.00	53,109.58
Brush Control Expenses	-	-	-
Training and Workshops	3,500.00	5,678.22	3,500.00
Contractual Services Expenses	2,666.36	2,666.36	4,300.00
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	2,055.49	8,684.98	9,600.00
Miscellaneous (e.g. Chipper Expense)	-	17,143.76	43,972.58
TOTAL GENERAL FUND EXPENDITURES	34,959.94	164,492.51	287,297.16
Intergovernmental Grants Expenditures 218			
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	16,870.00	16,870.00	417,014.00
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-
Total Other Expenditures	-	16,870.00	417,014.00
Debt Service 400			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES Current Quarter	34,959.94	181,362.51	704,311.16

Reduced 7,000

Had Cost share, education and special projects all together. Now seperated.

Added funds.

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

**STATE OF NEW MEXICO
LEA SOIL AND WATER CONSERVATION DISTRICT
Exit Conference
Year Ended June 30, 2014**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on November 20, 2014 with the following in attendance:

LEA Soil and Water Conservation District

Rhea Howe, Secretary, Treasurer
Shay Hager, District Manager

Accounting Firm

Ronny Fouts, CPA

Ronny Fouts, CPA