

Charles L. Henry

Certified Public Accountant

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Raton, New Mexico 87740

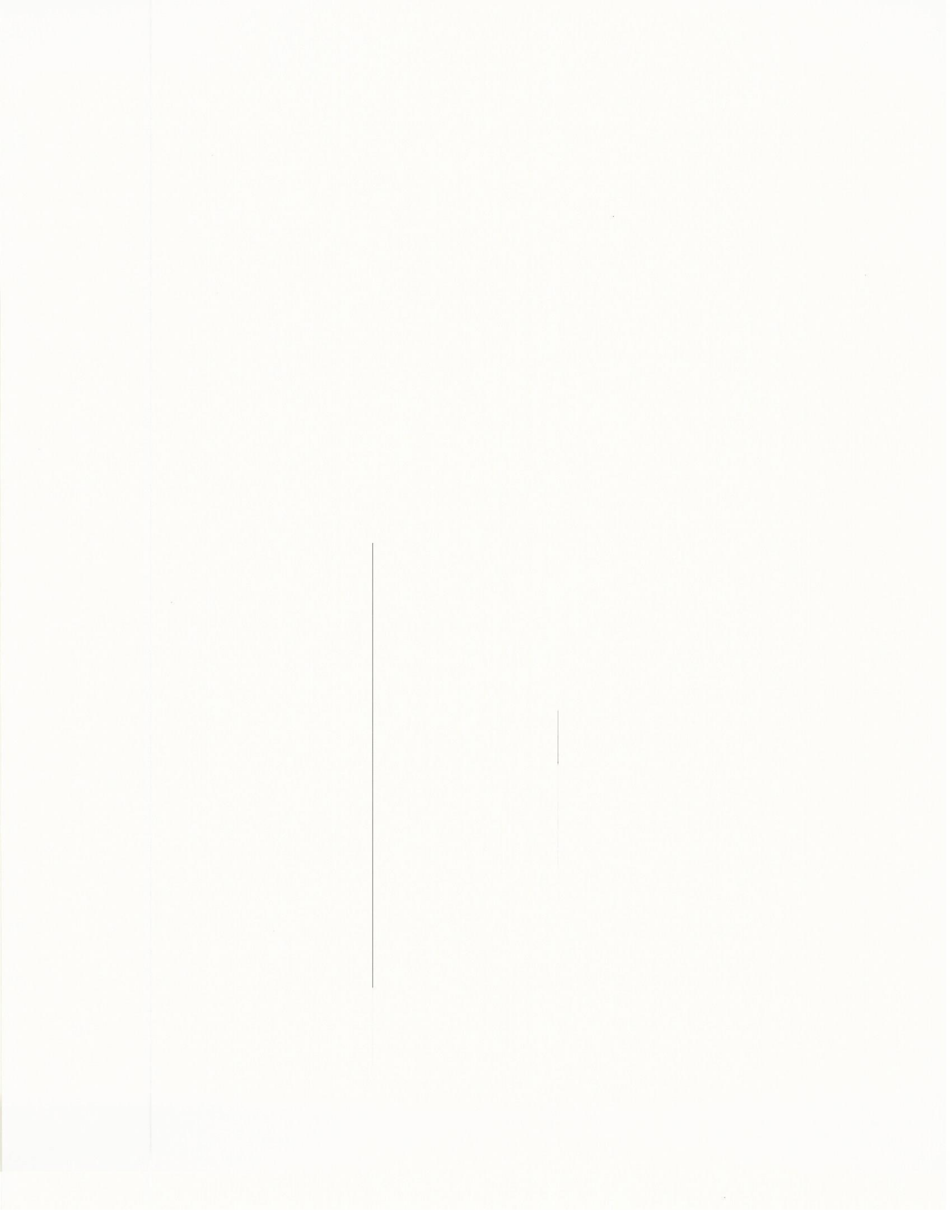
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STATE OF NEW MEXICO

Northeastern Soil and Water Conservation District

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended June 30, 2013



State of New Mexico
Northeastern Soil and Water Conservation District
Table of Contents
June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTION SECTION		
Table of Contents		i
Official Roster		ii
FINANCIAL SECTION		
Independent Accountant's Report on Applying Agreed-Upon Procedures		iii - vii
BASIC FINANCIAL STATEMENTS		
Statement of Revenues, Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	A	1
Schedule of Status of Prior Year Findings		2
Exit Conference		3

State of New Mexico
Northeastern Soil and Water Conservation District
Official Roster
June 30, 2013

Board of Supervisors

Position

Justin Bennett

Chairperson

Brett Bannon

Vice - Chairperson

Randy Podzemny

Secretary / Treasurer

Gayle Rivale

Member

Larry Mason

Member

District Personnel

Title

Jennifer Lutes

District Clerk

Charles L. Henry

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Justin Bennett, Chairperson
and Members of the Board of Supervisors
Northeastern Soil and Water Conservation District
and

Honorable Hector H. Balderas
New Mexico State Auditor

I have performed the procedures enumerated below for the Northeastern Soil and Water Conservation District (District), for the year ended June 30, 2013. 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 management of the Northeastern Soil and Water Conservation District 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:

CASH

Procedures

- a) Determined 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) Performed 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) Determined 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.

Observations:

- a) The District has a checking account, three certificates of deposit and utilizes a QuickBooks software package to record cash receipts and disbursements. All bank reconciliations are performed on a timely basis utilizing the software reconciliation program as well as generating a reconciliation on the back of the bank statement.
- b) Testing of bank reconciliations revealed that the reconciliations were accurately reflected and did tie to the general ledger as well as reports submitted to DFA-LGD.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any bank balance.

CAPITAL ASSETS

Procedures

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

Observations:

The Northeastern Soil and Water Conservation District performed a yearly inventory as required by Section 12-6-10 NMSA 1978 that requires agencies to capitalize only chattels and equipment that cost over \$ 5,000.

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 ended June 30, 2013 for each type of revenue source.

Select a sample of revenue - Based on Auditor Judgment - and test using the following attributes;

- b) Amount recorded in the general ledger agrees to 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 review work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Observations:

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) Amounts recorded in the general ledger agreed with supporting documentation and the bank statements with no exceptions.
- c) Transactions were properly recorded on a cash basis as to amount, classification and period as determined by the review of supporting documentation.

EXPENDITURES

Procedures

Select a sample of cash disbursements - Based on Auditor Judgment - and test using the following attributes:

- a) Determine that amounts recorded as disbursed agree 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).

Observations:

- a) Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description, agree with the vendor's invoice. Purchase order, contract and cancelled check, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures with no exceptions.
- c) The bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were properly 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).

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.

Observations:

The District made no journal entries for the fiscal year.

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 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 exceed the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets an general ledger, prepare a schedule of revenue 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.

Observations:

- a) A review of the minutes and correspondence provided information that the budget and subsequent budget information was approved by the local governing body and DFA-LGD.
- b) The actual expenditures did not exceed final budgeted amounts at 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 2.2.2 10(1)(3)© NMAC.

Observations:

No exceptions were found as a result of applying the procedures above indicating any fraud, illegal acts or internal control.

I was not engaged to, and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have to be reported to you.

This report is intended solely for the for the information and use of Northeastern Soil and Water Conservation District, the New Mexico Office of the State Auditor and the DFA-LGD and is not intended to be, and should not be used by anyone other than those specified parties.



Charles L. Henry
Certified Public Accountant
September 20, 2013

State of New Mexico
 Northeastern Soil and Water Conservation District
**Statement of Revenues, Expenditures - Budget and
 Actual (Non-GAAP Budgetary Basis) - General Fund**
 For the Fiscal Year Ended June 30, 2013

Exhibit - A

	General Fund			
	Original	Final	Actual	Variance
	DFA Budget	DFA Budget	Budgetary Expenditures	Favorable (Unfavorable)
Revenues				
Grass Seed and Tree Sales	\$ 86,000	\$ 86,000	\$ 84,090	\$ (1,911)
Legislative Funding	13,000	13,000	30,742	17,742
Miscellaneous - General Fund	13,000	13,000	14,493	1,493
Interest	2,000	2,000	244	(1,756)
Rent	2,000	2,000	-	(2,000)
Miscellaneous - Intergovernmental	20,000	20,000	15,649	(4,351)
Total Revenues	<u>136,000</u>	<u>136,000</u>	<u>145,217</u>	<u>9,217</u>
Expenditures				
Advertising & Public Relations	700	700	736	(36)
GRT Taxes	7,500	7,500	2,498	5,002
Mileage & Per Diem	5,000	5,000	4,926	74
Office Expenses	300	300	2,861	(2,561)
Material & Chipper	89,800	89,800	60,253	29,547
Election Expenses	1,000	1,000	-	1,000
Building Expenses	4,000	4,000	-	4,000
Annual Audit	2,500	2,500	2,766	(266)
Dues & Board Fees	1,750	1,750	-	1,750
Training & Education	200	200	195	5
Insurance / Bonds	1,250	1,250	-	1,250
Personnel Services	22,000	22,000	23,158	(1,158)
State & University Grants	-	-	24,045	(24,045)
Total Expenditures	<u>136,000</u>	<u>136,000</u>	<u>121,438</u>	<u>14,562</u>
Excess (Deficiency) of Receipts over Disbursements	<u>\$ -</u>	<u>\$ -</u>	23,779	<u>\$ 23,779</u>
Cash balance beginning of Year			<u>102,348</u>	
Cash balance End of Year			<u>\$ 126,127</u>	

Unaudited - see Independent Accountant's Report on Applying Agreed-Upon Procedures

State of New Mexico
Northeastern Soil and Water Conservation District
Schedule of Status of Prior Year Findings
June 30, 2013

STATUS OF PRIOR YEAR FINDINGS

- 05-01. Withheld tax payments processed incorrectly - Significant Deficiency - Corrected
- 10-01. Bank reconciliations are not prepared accurately - Corrected
- 10-02. Internal Control issues generated by previously signed checks - Significant Deficiency - Corrected
- 12-01 - Actual Expenditures Exceeded Amount Budgeted: -- Significant Deficiency and Compliance - Corrected
- 12-02. Not following New Mexico Procurement Code as required - Compliance - Corrected

State of New Mexico
Northeastern Soil and Water Conservation District
Exit Conference
June 30, 2013

FINANCIAL STATEMENT PREPARATION

The accompanying financial information was prepared by Charles L. Henry CPA. However, the contents remain the responsibility of the District.

EXIT CONFERENCE

On September 20, 2013 an exit conference was held in the District offices of Northeastern Soil and Water Conservation District. The conference was attended by Mr. Randy Podzemny, District Secretary / Treasurer and , Jennifer Lutes, District Clerk as well as Charles Henry CPA.