

Charles L. Henry

Certified Public Accountant

666 Cook Avenue

Raton, New Mexico 87740

(505) 681-9762

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, 2014

State of New Mexico
Northeastern Soil and Water Conservation District
Table of Contents
June 30, 2014

	<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 - viii
SCHEDULE OF CAPITAL OUTLAY AWARD	A	1
BASIC FINANCIAL STATEMENTS		
Statement of Revenues, Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	B	2
Copy of Year End Financial Report to DFA		3
Schedule of Status of Current and Prior Year Findings		4
Exit Conference		5

State of New Mexico
Northeastern Soil and Water Conservation District
Official Roster
June 30, 2014

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

Certified Public Accountant
666 Cook Avenue
Raton, New Mexico 87740
(505) 681-9762

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 Fiscal Year Ended June 30, 2014. The District was determined to be a Tier 5 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 statements and related reconciliations for the fiscal year ended June 30, 2014 were provided and tested. Bank reconciliations are being 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 all 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 District did not purchase any assets during the fiscal year ended June 30, 2014 that came under Section 12-6-10 NMSA 1978. All assets found on the yearly inventory are fully depreciated and did not change from the prior year.

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, 2014 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) An analytical review of 46 transactions, representing 11.39% of all transactions and 55.08% of the total revenue of the District found no exceptions when compared to budgeted revenue for the fiscal year.
- b) All 46 tested transactions as recorded in the general ledger agreed with supporting documentation and the bank statements with no exceptions.
- c) All tested transactions were all found to be properly recorded on a cash basis as to amount, classification and period without exception.

EXPENDITURES

Procedures:

Select a sample of cash disbursements - Based on Auditor Judgment and representative of the population - 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) The District recorded 115 expense transactions of which 25 or 21.74% of the total transactions were tested. All tested transactions reflected adequate supporting documentation. The amount, payee, date and description agreed with the vendor's invoice and were matched to purchase order and cancelled check without exception.
- 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 provided and 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)

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 revealed that the original proposed budget was approved by the District and the DFA-LGD. There were no subsequent budget adjustments.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual [Exhibit - A] was prepared on the cash basis used by the District and submitted to DFA-LGD

CAPITAL OUTLAY APPROPRIATIONS

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- h) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Observations:

- a) The District received a capital outlay grant from the Office of the State Engineer [OSE], dated June 30, 2013 in the amount of \$ 25,000 for a hydrological study, including planning and designing existing maps and continuing lithologic descriptions of the regional aquifer system in Union County. This project is ongoing at June 30, 2014.
- b) As of June 30, 2014 no distributions were made to the District by the OSE although a request for payment was made November 15, 2013 for the grant amount. The District request for payment was properly authorized by the District board but not approved for payment by OSE because some deliverables were not provided. As of the date of this report certain deliverables had not yet been provided but in conversations with OSE there was no concern that they would not be received.

- c) The District provided documentation reflected that only one service provider was available to perform the services associated with the Capital Outlay Project. The amount of the contract and documents provided fell within the New Mexico Procurement Code and State Purchasing Regulations. (Section 13-1-25 through 13-1-199 NMSA 1978 and 1.4.1 NMAC)
- d) All information provided to OSE was viewed. The District paid the service provider the full contract amount and conversation with the service provider indicated that some deliverables not provided as of report date were being completed and would be provided to OSE.
- e) Conversation with OSE confirmed that all status reports have been received, the project was not funded in advance and no funds have been distributed to the District.
- f) The reimbursement request was supported by an invoice generated by the service provider dated October 31, 2013 which was attached to a properly authorized purchase voucher and paid prior to the request for reimbursement.

OTHER

Procedures

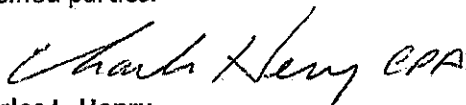
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section 2.2.2 10(l)(3)© NMAC.

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, New Mexico State Legislature 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 12, 2014

STATE OF NEW MEXICO
 Northeastern Soil and Water Conservation District
Schedule of Capital Outlay Award
 For the Fiscal Year Ended June 30, 2014

EXHIBIT - B

<u>Capital Appropriations Project No.</u>	<u>Award Amount</u>	<u>Amount Requested in Current Fiscal Year</u>	<u>Amount Received in Current Fiscal Year</u>	<u>Total Amount Expended</u>
Agreement between the Office of the State Engineer and North East Soil & Water Conservation District in the Laws of 2013, Chapter 226	25,000	25,000	None	25,000

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, 2014

	General Fund			
	Original	Final	Actual	Variance
	DFA Budget	DFA Budget	Budgetary Expenditures	Favorable (Unfavorable)
Revenues				
Grass Seed and Tree Sales	\$ 101,000	\$ 101,000	\$ 95,749	\$ (5,251)
Legislative Funding	13,000	13,000	12,916	(84)
NRCS Pilot Program	13,000	13,000	13,460	460
Interest	2,000	2,000	459	(1,541)
Rent	2,000	2,000	-	(2,000)
UC Hydrology Project	-	-	15,000	15,000
Capital Outlay	25,000	25,000	-	(25,000)
Other Income	-	-	750	750
	<u>156,000</u>	<u>156,000</u>	<u>138,335</u>	<u>(17,665)</u>
Expenditures				
Advertising & Public Relations	700	700	1,513	(813)
GRT Taxes	7,500	7,500	306	7,194
Mileage & Per Diem	5,000	5,000	2,745	2,255
Office Expenses	500	500	1,966	(1,466)
Material & Chipper	86,600	86,600	63,625	22,975
Election Expenses	1,000	1,000	-	1,000
Barn Rental Expense	-	-	800	(800)
Annual Audit	3,500	3,500	3,440	60
Dues & Board Fees	1,750	1,750	-	1,750
Training & Education	200	200	10	190
Insurance / Bonds	1,250	1,250	740	510
Personnel Services	23,000	23,000	25,168	(2,168)
Hydrogeology & Grant	-	-	25,000	(25,000)
	<u>131,000</u>	<u>131,000</u>	<u>125,313</u>	<u>5,687</u>
Excess (Deficiency) of Receipts over Disbursements	\$ <u>25,000</u>	\$ <u>25,000</u>	13,022	\$ <u>(11,978)</u>
Cash balance beginning of Year			<u>126,127</u>	
Cash balance End of Year			\$ <u>139,148</u>	

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

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 Jennifer R. Liles

S.W.C.D.: Northeastern
 Period Ending: 06/30/14

Fund #	FUND	UNAUDITED BEGINNING CASH BALANCE @ July 1	YEAR TO DATE TRANSACTIONS PER BOOK'S QUARTERLY REPORT					ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
			INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD			
101	GENERAL FUND	1,361,280.00	-	116,501.12	12,261.56	115,742.88	139,147.80	139,147.80	-	
218	INTERGOVERNMENTAL GRANTS	-	-	1,790,000.01	(12,261.56)	-	64,535	-	-	
299	OTHER	-	-	-	-	-	-	-	-	
400	DEBT SERVICE	-	-	-	-	-	-	-	-	
	GRAND TOTAL	1,261,280.00	-	1,299,408.03	-	115,742.88	139,793.15	139,147.80	139,147.80	

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

*USER NOTES: Please describe what any correct adjustments are used for.

STATE OF NEW MEXICO
Northeastern Soil and Water Conservation District
Schedule of Status of Prior Year Findings
June 30, 2014

STATUS OF PRIOR YEAR FINDINGS

No Prior Year Findings.

CURRENT YEAR FINDINGS

No Current Year Findings.

STATE OF NEW MEXICO
Northeastern Soil and Water Conservation District
Exit Conference
June 30, 2014

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 12, 2014 an exit conference was held in the District offices of Northeastern Soil and Water Conservation District. The conference was attended by Mr. Justin Bennett, District Chairperson and , Jennifer Lutes, District Clerk as well as Charles Henry CPA.

