

**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, 2015***



State of New Mexico  
Northeastern Soil and Water Conservation District  
Table of Contents  
June 30, 2015

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTION SECTION</b>		
Table of Contents		i
Official Roster		ii
<b>FINANCIAL SECTION</b>		
Independent Accountant's Report on Applying Agreed-Upon Procedures		iii - vii
<b>BASIC FINANCIAL STATEMENTS</b>		
Statement of Revenues, Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	A	1
<b>Copy of Year End Financial Report to DFA</b>		2
<b>Schedule of Status of Current and Prior Year Findings</b>		3
<b>Exit Conference</b>		4

State of New Mexico  
Northeastern Soil and Water Conservation District  
Official Roster  
June 30, 2015

**Board of Supervisors**

Justin Bennett

**Position**

Chairperson

Brett Bannon

Vice - Chairperson

Randy Podzemny

Secretary / Treasurer

Gayle Rivale

Member

Larry Mason

Member

**District Personnel**

Jennifer Lutes

**Title**

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 Timothy Keller**  
**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, 2015. 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) 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.
- 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.

**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, 2015 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 as required by Section 12-6-10 NMSA 1978.

**Observations:**

The District did not purchase any assets during the fiscal year ended June 30, 2015 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 fiscal year ended June 30, 2015 for each type of revenue.

***Select a sample of revenue - Based on Auditor Judgment - and test using 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.

**Observations:**

- a) An analytical review of 37 transactions, representing 16.52% of all transactions and 65.4% of the total revenue of the District found no exceptions when compared to budgeted revenue for the fiscal year.
- b) All 37 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 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 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).

**Observations:**

- a) The District recorded 120 expense transactions of which 33 or 27.5% 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. The local public body has procedures that require journal entries to be reviewed and there is evidence
- 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 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.

### **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



**OTHER**

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(I)(3)(C) NMAC.

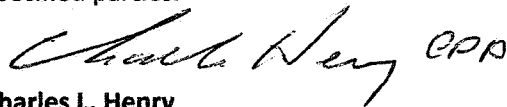
**Observations:**

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.

Handwritten signature of Charles L. Henry in cursive, with "CPA" written in the upper right of the signature.

**Charles L. Henry**  
**Certified Public Accountant**  
**October 1, 2015**

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, 2015

**Exhibit - A**

	<b>General Fund</b>			
	Original DFA Budget	Final DFA Budget	Actual Budgetary Expenditures	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Grass Seed and Tree Sales	\$ 106,000	\$ 106,000	\$ 78,608	\$ (27,392)
Legislative Funding	-	-	-	-
State Legislative Funding	13,000	13,000	16,155	3,155
Interest	2,000	2,000	272	(1,728)
Rent	2,000	2,000	-	(2,000)
UC Hydrology Project	15,000	15,000	-	(15,000)
Capital Outlay	-	-	-	-
Miscellaneous	13,000	13,000	393	(12,607)
	<u>151,000</u>	<u>151,000</u>	<u>95,428</u>	<u>(55,572)</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Advertising & Public Relations	700	700	1,296	(596)
GRT Taxes	7,500	7,500	487	7,013
Mileage & Per Diem	8,500	8,500	6,527	1,973
Office Expenses	500	500	1,819	(1,319)
Material & Chipper	99,700	99,700	59,223	40,477
Election Expenses	-	-	-	-
Barn Rental Expense	2,400	2,400	2,200	200
Annual Audit	3,500	3,500	3,440	60
Dues & Board Fees	1,750	1,750	-	1,750
Training & Education	200	200	550	(350)
Insurance / Bonds	1,250	1,250	1,140	110
Personnel Services	25,000	25,000	27,034	(2,034)
Hydrogeology & Grant	-	-	-	-
	<u>151,000</u>	<u>151,000</u>	<u>103,717</u>	<u>47,283</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Receipts over Disbursements	\$ <u>-</u>	\$ <u>-</u>	(8,289)	\$ <u>(8,289)</u>
Cash balance beginning of Year			<u>139,147</u>	
Cash balance End of Year			\$ <u>130,857</u>	

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

DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU  
**SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM**

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.

Special District: Northeastern SWCD  
 Quarter Ending: 6/30/2015  
 Prepared By: Jennifer H. Lutes

(Signature line)

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE @ 7/1/2014	INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
GENERAL FUND - Operating (CF)	101	\$119,147.81	\$0.00	75,827.88		103,718.59	130,871.09				130,871.09	130,857.09	
INTERGOVERNMENTAL GRANTS	218	\$0.00	\$0.00										
OTHER	299	\$0.00	\$0.00										
DEBT SERVICE	400	\$0.00	\$0.00										
<b>Grand Total</b>		<b>\$ 119,147.81</b>	<b>\$ -</b>	<b>\$ 75,827.88</b>	<b>\$ -</b>	<b>\$ 103,718.59</b>	<b>\$ 130,871.09</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,871.09</b>	<b>\$ 130,857.09</b>	<b>\$ -</b>

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Schedule of Status of Prior Year Findings**  
June 30, 2015

**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, 2015

**FINANCIAL STATEMENT PREPARATION**

The accompanying financial information was prepared by Charles L. Henry CPA. However, the District's management has reviewed and approved the financial information and related notes and they believe that their records adequately support the financial statements.

**EXIT CONFERENCE**

On October 1, 2015 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.