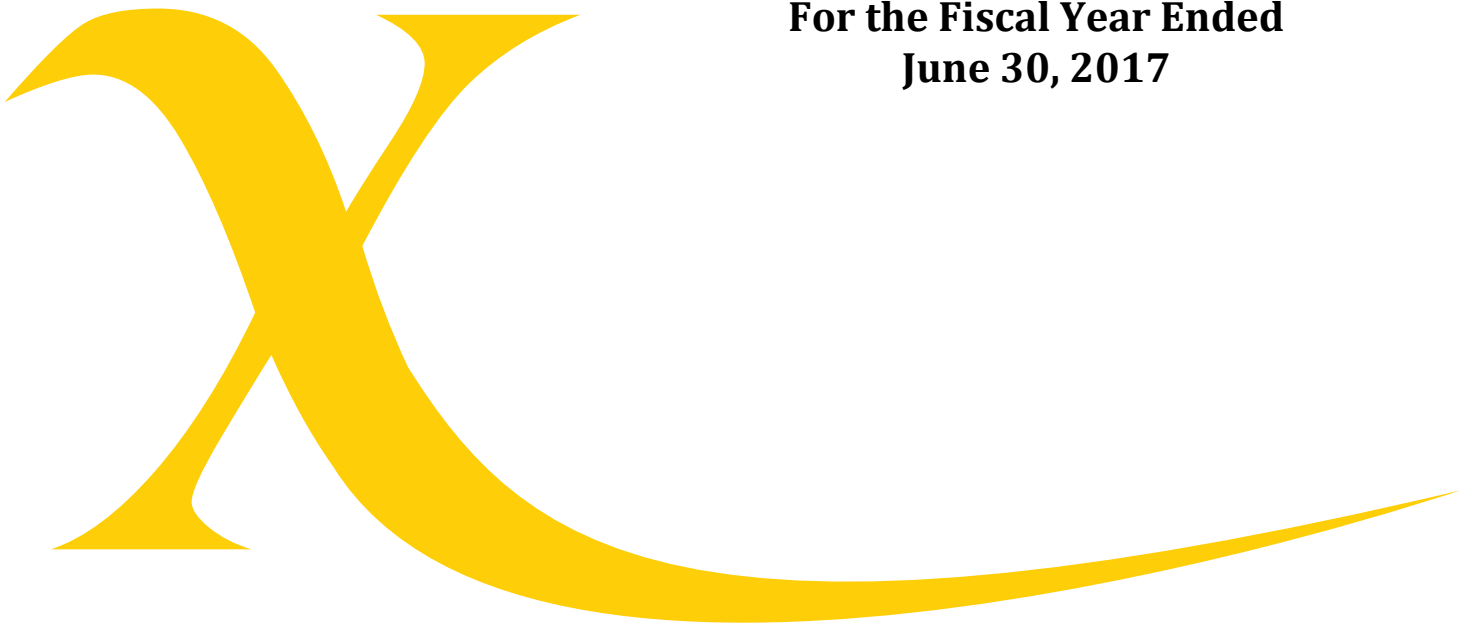


**State of New Mexico
Western Mora Soil and Water
Conservation District**

**Report of Independent
Accountants
on the Application of Agreed-Upon
Procedures (TIER 4)**

**For the Fiscal Year Ended
June 30, 2017**



**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**

Table of Contents

OFFICIAL ROSTER	1
REPORT OF INDEPENDENT ACCOUNTANTS ON THE APPLICATION OF AGREED-UPON PROCEDURES	2
Statement of Revenues and Expenses (Budget and Actual)	6
OTHER INFORMATION	
Status of Prior Year Findings	7
Schedule of Findings and Responses	8
Exit Conference	9

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**

**Official Roster
As of June 30, 2017**

Name	Title
Joseph Griego	Chairman
David J. Maestas	Vice-Chair
Leroy Abeyta	Secretary/Treasurer
Johnny Espinoza	Member
Jerry Martinez	Member
Jacquelyn V. Sanchez	District Secretary

**REPORT OF INDEPENDENT ACCOUNTANTS ON THE
APPLICATION OF AGREED-UPON PROCEDURES**

To the Board of Directors
Western Mora Soil and Water Conservation District
and
Mr. Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Western Mora Soil and Water Conservation District (the "District") and New Mexico State Auditor (the specified parties), solely to assist the users in evaluating the District's financial reporting to the State Auditor relating to its Cash, Capital Assets, Revenue, Expenditures, Journal Entries, and Budget and its compliance with Section 12-6-3B (4) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2017. The District's management is responsible for its financial reporting to the State Auditor as described above. The sufficiency of these procedures is solely the responsibility of those specified parties. 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3B(4) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

- 1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."**

Results of Procedure 1

We verified the District's revenue calculation for 2017 and resulting tier 4 determination documented on the form provided at www.osanm.org.

2. Cash

- 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. For purposes of performing our procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the District.
- b.) Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division. For purposes of performing our procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank statements.
- 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.

Results of Procedures 2(a) – 2(c)

All bank statements and reconciliations were provided by the District. It was noted that all reconciliations were completed in a timely manner. The bank reconciliations for November 2016, January 2017, April 2017, and June 2017 were compared to supporting documentations such as bank statements and general ledger, noting outstanding checks of \$2,295.52 as of June 30, 2017. We were able to re-perform the reconciliations without exception.

Inquiries of management were made and supporting documentation was reviewed to determine whether the District's financial institution provided it with 50% of pledged collateral on uninsured deposit balances. The District bank deposits of \$201,947 are fully covered by FDIC insurance limit of \$250,000.

3. Capital Assets

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

Results of Procedure 3

We noted that the District did not perform or approve an annual inventory as required by Section 12-6-10 NMSA 1978 for the fiscal year ended June 30, 2017. Refer to 2017-001 in the schedule of findings and responses.

4. Revenues

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. For purposes of performing our analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10% for each revenue type.

Select a sample of revenues equal to at least 30% of the total dollar amount and test 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.

Results of Procedures 4(a) – 4(c)

As a result of performing the analytical review procedures in 4(a), we noted variances between budget and actual of more than 10%. We obtained explanations for the variances and the explanations appeared reasonable.

The procedures 4(b) – 4(c) were performed revenue transactions in order to gain coverage of at least 30% of revenue. Our sample consisted of 4 transactions with a total amount of \$93,380, resulting in 34.67% coverage. No instances of noncompliance were noted as a result of performing the procedures described in 4(b) – 4(c).

5. Expenditures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test 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. Disbursements will be considered authorized and approved in compliance with the budget, legal requirements and established policies and procedures if there is evidence of review such as sign off on invoices or approval through correspondence.
- 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).

Results of Procedures 5(a) – 5(c)

The procedures described in 5(a) – 5(c) above were performed on 30% of total cash disbursements. Our sample consisted of 4 transactions with a total amount of \$83,640, resulting in 33.10% coverage. No instances of noncompliance were noted as a result of performing the procedures described in 5(b) – 5(c). The District did not enter into any new contract or awards during this fiscal year that exceeded \$60,000.

6. Journal Entries

Test all non-routine journal entries, adjustments, and reclassifications, are posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation. A journal entry is considered reasonable if: Explanation is consistent with the nature of the adjustment, and the general ledger accounts affected, ii. Supporting documentation (invoices, contracts, correspondences, calculations, etc.) agrees with the journal entry details.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures 6(a) – 6(b)

The District did not post any manual journal entries during the fiscal year. As such, procedures over adjusting journal entries are not applicable.

7. 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 approved budgets and general ledger, prepare a Budget to Actual Schedule (cash basis) used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

Results of Procedures 7(a) – 7(c)

We reviewed budget and noted that it was approved by the Board and by DFA-LGP. We compared budget to actual expenditures and did not note any instances of noncompliance.

8. 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.

Results of Procedures - Other

Due to a termination of the original AUP contract, the District's AUP report for the year ended June 30, 2017 was not submitted to the State Auditor by the required deadline of December 15, 2017. Refer to 2017-002 in the schedule of findings and response.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion on the District's financial report as submitted to the State Auditor. Accordingly, we do not express such an opinion or conclusion. 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 the District, Office of the State Auditor and New Mexico Legislature and the Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.



Albuquerque, New Mexico
December 13, 2018

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
Proprietary Funds
Statement of Revenues and Expenses
Budget and Actual (Cash Basis)
For the Year Ended June 30, 2017**

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Mill levy income	\$ 58,000	58,000	75,518	17,518
Rentals, Building Income	12,000	12,000	15,050	3,050
Rentals, Equipment Income	10,000	10,000	30,797	20,797
State Allocation Income	10,000	10,000	13,699	3,699
Federal Grants	519,420	519,420	134,285	(385,135)
Total Revenues	609,420	609,420	269,349	(340,071)
Expenditures				
Personnel Services, Salaries including Benefits	77,000	77,000	46,782.0	30,218
Travel (per diem)	8,700	8,700	8,641.0	59
Acequias	2,500	2,500	-	2,500
Office Expenses	10,083	10,083	8,710.0	1,373
Building Operation & Maintenance	16,750	16,750	17,712.0	(962)
Board Fees	8,850	8,850	8,672.0	178
Bond Insurance	500	500	-	500
Information & Education	5,685	5,685	4,403.0	1,282
Equipment Fuel	4,816	4,816	2,241.0	2,575
Advertising and Public Relations (e.g. newsletter)	2,000	2,000	1,983.0	17
Annual Audit Expenses	4,000	4,000	2,026.0	1,974
Dues	1,500	1,500	655.0	845
Equipment Maintenance	10,816	10,816	4,844.0	5,972
Insurance Premiums	7,500	7,500	7,151.0	349
Noxious Weeds MOU	3,000	3,000	1,156.0	1,844
Training and Workshops	500	500	150.0	350
Equipment Purchases	15,000	15,000	9,488.0	5,512
Miscellaneous (e.g. Chipper Expense)	11,296	11,296	200.0	11,096
Pest Control	1,000	1,000	-	1,000
Federal Grants	261,360	519,420	127,890.0	391,530
Total Expenditures	452,856	710,916	252,704	458,212
Net Change in Fund Balances	156,564	(101,496)	16,645	118,141
Fund Balance, Beginning of Year	176,060	170,772	235,287	64,515
Fund Balance, End of Year	\$ 332,624	\$ 69,276	\$ 251,932	\$ 182,656

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
Status of Prior Year Findings
June 30, 2017**

Follow-up on Prior Year Findings:

Bank Reconciliations	Resolved	2016-001
Quarterly Reporting	Resolved	2016-002
Inaccurate Coding for Revenue	Resolved	2016-003
Regulations Governing the Per Diem and Mileage Act	Resolved	2016-004
Underreporting of Payroll and Payroll Tax	Resolved	2016-005
Lack of Documentation for Cash Disbursements	Resolved	2016-006
Lack of Documentation for filing 1099 forms	Resolved	2016-007
Review and Approval of Journal Entries	Resolved	2016-008

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings and Responses
June 30, 2017**

2017-001 – Performance of Annual Inventory Count

Condition: The District did not perform a yearly inventory as required by section 12-6-10 NMSA 1978.

Criteria: Per NMSA 1978 Section 12-6-10, “The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority”.

Effect: The District is not in compliance with state statute over annual inventory performance.

Cause: The District did not, or was unable to produce evidence of a physical inventory count performed during fiscal year 2017.

Recommendation: We recommend that the governing board perform yearly physical inventory counts over all District inventory exceeding \$5,000 and document the approval in the public governing board meeting minutes.

Management’s Response: Procedures have been put into place to perform an inventory every October at the end of the equipment operator season. The District has implemented this policy and has since resolved this finding.

2017-002 – Late Report Submission

Condition: The District’s AUP report for the fiscal year ended June 30, 2017 was not submitted to the State Auditor by the required deadline of December 15, 2017.

Criteria: Reports not received on or before the deadline are considered not to be in compliance with the requirements of Section 2.2.2.9A of the State Audit Rule.

Effect: The District is not in compliance with New Mexico State Audit Rule for the submission of the fiscal year 2017 report.

Cause: The District’s fiscal year 2017 AUP contract was terminated by the District. The District then had to procure a new IPA to perform the AUP for the fiscal year 2017. The new contract was then finalized on August 20, 2018.

Recommendation: We recommend that the District ensure timely finalization of AUP contracts.

Management’s Response: When the need for the contract termination was identified, the District followed proper procedures in notifying both the State Auditor’s Office and the Department of Finance and Administration of the termination of the original fiscal year 2017 contract. We do not anticipate similar circumstances or the cancelation of AUP contracts in the future.

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
Exit Conference
June 30, 2017**

Exit Conference

An exit conference was held on December 13, 2018. Attending were the following:

In attendance for the District:

Jacquelyn Sanchez, District Secretary
Joseph Griego, Chairman
John Espinosa, Board Member
Leroy Abeyta, Board Member
Jerry Martinez, Board Member

In attendance for Axiom:

Reina Gutierrez, Senior Assurance