

**State of New Mexico
Otero Soil and Water Conservation District**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

Year Ended June 30, 2022

Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345

STATE OF NEW MEXICO
OTERO SOIL AND WATER CONSERVATION DISTRICT
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June 30, 2022

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**STATE OF NEW MEXICO
OTERO SOIL AND WATER CONSERVATION DISTRICT
Official Roster
June 30, 2022**

Bob Nichols	Chairman
Rick Baish	Vice Chairman
Jeff Rabon	Secretary/Treasurer
Wacey Cochise	Member
Eddie Vigil	Member
Colt Howland	Member
James Evrage	Member

District Staff

Victoria Milne	District Manager
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Financial Section

Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345
505-257-0081

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Chairman and the Board of Supervisors
Otero Soil and Water Conservation District
and Honorable Brian Colón, New Mexico State Auditor

We have performed the procedures enumerated below for the Otero Soil and Water Conservation District for the year ended June 30, 2022. 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 Otero Soil and 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.

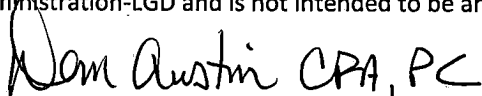
We are required to be independent of the District and to meet our other ethical responsibilities. We are independent of the responsible party and meet our ethical responsibilities, in accordance with relevant ethical requirements relating to the agreed-upon procedures engagement.

Our procedures and results are detailed under Scope of Procedures and Results as noted in the table of contents. The District acknowledges that the procedures performed are appropriate to meet the intended purpose of the engagement, and that the procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying schedule of findings and responses as listed in the table of contents.

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 examination or review, the objective of which would be an expression of an opinion or conclusion, respectively on the District's financial position and operations as of and for the year ended June 30, 2022. 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 those parties specified in the report.

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



Dan Austin CPA, PC
Ruidoso, New Mexico
November 28, 2022

Otero Soil and Water Conservation District
Scope of Procedures and Results
June 30, 2022

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

The above mentioned revenue calculation and tier determination was accurate. Total revenue per instructions for tier determination was \$143,792 excluding federal grants of 152,706 requiring a Tier 4 agreed upon procedures report.

2. 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) Test at least 30% 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:

- (a) The District has two operational bank accounts. It utilizes Quick Books to record transactions. Bank reconciliations bank reconcilements for quarters ending 9-30-21, 12-31-21, 3-31-22 and 6-30-2022 or 33% were examined, All reconcilements were accurate and in good order.
- (b) We examined 33% of bank reconciliations on two operational accounts for quarters ending 9-30-21, 12-31-21, 3-31-22 and 6-30-22. The reconciliations were accurate and agreed with financial reports submitted to the NM DF-Local Government Division.
- (c) All uninsured deposits were secured per requirements of Section 6-10-17 NMSA 1978. No exceptions noted.

3. Capital Assets

Procedures:

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

Findings:

The District completed and approved an inventory of various assets of the District on June 30 2022.

4. 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.

Select a sample of revenues equal to at least 30% based of 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.

Findings:

- (a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- (b) We tested \$291,651 or 98.37% of the total revenues of \$296,498 recorded in general ledger and agreeing with deposit slips and other supporting documentation provided and to the bank statements without exception.
- (c) We tested \$291,651 or 98.37% of revenues amounts recorded in Quickbooks. All amounts agreed with supporting documentation.

5. Expenditures

Procedures:

Select a sample of cash disbursements equal to 30% of 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.
- (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).

Findings:

- (a) We tested \$291,824 of total expenditures or 93.74% of total expenditures of \$311,321. The amounts disbursed agreed with supporting documentation, amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate. No exceptions noted.
- (b) All disbursements tested were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions noted.

- (c) The 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) were tested when applicable. All expenditures were approved at the board level prior to expenditure and check preparation.

6. Journal Entries

Procedures:

Test all 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:

- (a) The financial records of Otero Soil and Water Conservation District indicated that journal entries were posted to the general ledger to record immaterial interest or bank charges. All journal entries appeared reasonable.
- (b) The Board approved all journal entries quarterly upon review of the financial statements and budget reports.

7. 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 whether total actual expenditures exceeded the final budget at the legal level of budgetary control; if yes, 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) A review of the minutes revealed that the preliminary budget was approved by the District and the DFA-LGD. The Final Budget approval was approved by the NM DFA.
- (b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. No exceptions noted.
- (c) A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the District. See page 9.

8. Other

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 (L)NMAC.

No other issues are reported.

**State of New Mexico
Otero Soil and Water Conservation District
Schedule of Revenues and Expenditures-
Budget and Actual (Non-GAAP Cash Basis)
June 30, 2022**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Grant Revenue-Federal	\$ 418,216	\$ 418,216	\$ 152,707	\$ (265,509)
Grant Revenue-State	25,000	25,000	13,168	(11,832)
Grant Revenue-Other	100,000	100,000	103,415	3,415
Intergovernmental	17,434	17,434	17,434	-
Conservation Sales	-	-	9,760	9,760
Interest Income	20	20	15	(5)
Total revenue	<u>560,670</u>	<u>560,670</u>	<u>296,499</u>	<u>(264,171)</u>
Expenditures:				
Conservation	413,820	413,820	180,953	232,867
General Government	17,939	17,939	14,553	3,386
Payroll and Related Costs	80,000	80,000	95,099	(15,099)
Capital Outlay	-	-	-	-
Special Project Expense	24,349	24,349	20,716	3,633
Total expenditures	<u>536,108</u>	<u>536,108</u>	<u>311,321</u>	<u>221,154</u>
Excess (deficiency) of revenue and cash over expenditures	24,562	24,562	\$ (14,822)	<u>\$ (43,017)</u>
Budget Cash Carryover	62,021	62,021	62,021	
Budget Ending Cash	<u>\$ 86,583</u>	<u>\$ 86,583</u>		
Ending Cash			<u>\$ 47,199</u>	
Cash Accounts:				
Pioneer Bank			\$ 2,509	
Pioneer Bank			44,690	
			<u>\$ 47,199</u>	

STATE OF NEW MEXICO
OTERO SOIL AND WATER CONSERVATION DISTRICT
 Year End Financial Report Submitted to DFA
 Year Ended June 30, 2022

DEPARTMENT OF FINANCE AND ADMINISTRATION (DFA)
 LOCAL GOVERNMENT DIVISION (LGD)
 BUDGET AND FINANCE BUREAU
 SOIL AND WATER CONSERVATION DISTRICT
 QUARTERLY YEAR TO DATE FINANCIAL REPORT

PLEASE 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.

Soil and Water Conservation District: Otero SWCD
 Period Ending: 06/30/22

Subona A. Mah

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2021 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)	DIFFERENCE (12)
101	GENERAL FUND	\$ 62,020.56	179,064	-	290,604	(49,520)	12,530	13,783	1,252	(49,521)	47,199	(96,719)
218	INTERGOVERNMENTAL GRANTS		117,434	-	20,715	96,719				96,719		96,719
299	OTHER		-	-	-	-				-		-
400	DEBT SERVICE		-	-	-	-				-		-
	GRAND TOTAL	\$ 62,021	\$ 296,499	\$ -	\$ 311,320	\$ 47,200	\$ 12,530	\$ 13,783	\$ 1,252	\$ 47,199	\$ 47,199	\$ (m)

NOTE: DETAIL PAGES will complete the Recap except for Cash Per Books on July 1.

*USER NOTES: (Please describe what any reserve requirements are used for).

STATE OF NEW MEXICO
OTERO SOIL AND WATER CONSERVATION DISTRICT
Year End Financial Report Submitted to DFA
Year Ended June 30, 2022

SWCD:
 Otero SWCD

Period Ending: 6/30/2022

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
	0	0	0	
Interest Income	5	15	15	1
Federal Hazardous Fuels Income	30985	61609	61609	1
Federal Noxious Weed Income	38424	91097	91097	0.999998024
Federal USFS/EMNRD Noxious Weed Income			0	
Federal USFS/CFRP Monitoring		2744	2744	0.999883382
Federal Administrative Fee Income	6175	13168	13168	1
Noxious Weed Literature		8100	8100	
Noxious Weed Program	1160	1660	1660	1
Brush Control Income			0	
	0	0	0	
Miscellaneous	0	672	672	1
	0	0	0	
	0	0	0	
	0	0	0	
TOTAL GENERAL FUND REVENUES	\$ 76,748	\$ 179,064	\$ 179,065	0.999997208
Intergovernmental Grants 218				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	25000	100000	100000	1
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Miscellaneous (e.g. NMDA)		17434	17434	1.000009177
TOTAL GRANT REVENUES	\$ 25,000	\$ 117,434	\$ 117,434	1.000001362
Other 299				
Contract Services	0	0	0	
Educational Income	0	0	0	
Charges for Services	0	0	0	
Capital Outlay Funded	0	0	0	
Project Income-Conservation & Environmental	0	0	0	
Emergency Watershed Protection Program	0	0	0	
Project Income - Reloan Program	0	0	0	
Project Expenses Income	0	0	0	
Silent Auctions	0	0	0	
Miscellaneous	0	0	0	
OTHER FUND 299 FROM DETAIL TAB	0	0	0	
TOTAL OTHER 299	\$ -	\$ -	\$ -	
Debt Service 400				
General Obligation Bonds	0	0	0	
General Obligation - (Property Tax)	0	0	0	
Investment Income	0	0	0	
Other - Misc	0	0	0	
Revenue Bonds	0	0	0	
Bond Proceeds	0	0	0	
Revenue Bonds - GRT	0	0	0	
Investment Income	0	0	0	
Revenue Bonds - Other	0	0	0	
Miscellaneous (NMFA, BOF, etc.)	0	0	0	
Investment Income	0	0	0	
Loan Revenue	0	0	0	
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	
GRAND TOTALS REVENUES- CURRENT QTR	\$ 101,748	\$ 296,499	\$ 296,499	0.999998853

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

STATE OF NEW MEXICO
OTERO SOIL AND WATER CONSERVATION DISTRICT
Year End Financial Report Submitted to DFA
Year Ended June 30, 2022

SWCD:
 Otero SWCD

Period Ending: 6/30/2022

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Personnel Services, (Salaries and Benefits)	20,022	95,099	95,099	1
Mileage and Per Diem	460	1,104	1,104	1
Office Supplies and Other Expenses	2,574	13,449	13,449	1
	0	0	0	
Federal Hazardous Fuels Expense	28,319	58,943	58,943	1
Federal Noxious Weed Expense	38,424	91,097	91,097	1
Federal USFS/EMNRD Noxious Weed Expense	12,530	12,530	12,530	1
Federal USFS/CFRP Monitoring		2,225	2,225	1
Contractual Fees and Other Services (Comm. Proj.)	2,665	3,885	3,885	1
	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	
Noxious Weed Literature	0	7,549	7,549	1
Noxious Weed Expense	2,524	4,724	4,724	1
Brush Control Expenses	0	0	0	
	0	0	0	
	0	0	0	
Miscellaneous (e.g. Meetings)	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	
Total General Fund Expenditures	\$ 107,519	\$ 290,604	\$ 290,604	1
Intergovernmental Grants Expenditures 218				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	15,000	20,715	20,715	1
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Other	0	0	0	
Total Grant Expenditures	\$ 15,000	\$ 20,715	\$ 20,715	1
Other Expenditures 299				
Loan Payments	0	0	0	
Capital Outlay Expenses/Capital Projects	0	0	0	
Conservation and Environmental Control Expenses	0	0	0	
Bonding	0	0	0	
All Other Insurance	0	0	0	
Loan Program Expenses including Loan Repayments	0	0	0	
Miscellaneous Expenses	0	0	0	
OTHER FUND 299 FROM DETAIL TAB	0	0	0	
Total Other Expenditures	\$ -	\$ -	\$ -	
Debt Service 400				
Bond Payments Principal	0	0	0	
Bond Payments- Interest	0	0	0	
Other Debt Service	0	0	0	
Total Debt Service Expenditures	0	0	0	
TOTAL EXPENDITURES Current Quarter	\$ 122,519	\$ 311,320	\$ 311,320	1

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

**STATE OF NEW MEXICO
 OTERO SOIL AND WATER CONSERVATION DISTRICT
 Schedule of Findings, Responses, Exit Conference and Other Information
 Year Ended June 30, 2022**

	Type of Finding	Prior Year Finding #	Current Year Results
Prior Year Findings:			
None	N/A	N/A	
Current Year Findings			
None	N/A	N/A	

Legend of Findings:

- A. Material Weakness
- B. Significant Deficiency
- C. Material Non-Compliance
- D. Other Non-Compliance

ENTRANCE AND EXIT CONFERENCE

The Entrance Conference was held District office on August 9, 2022. In attendance was Dan Austin, CPA and Victoria Milne, District Manager. AUP engagement responsibilities and requirements were discussed.

The report contents were discussed an exit conference in the offices of District with the officials of Otero Soil and Water Conservation District November 29, 2022. The following in attendance:

Otero Soil and Water Conservation District

Jeff Rabon, Secretary/Treasurer
 Victoria Milne, District Manager

Accounting Firm

Dan Austin, CPA

OTHER INFORMATION

The financial statement of Otero Soil and Water Conservation District was prepared by Dan Austin CPA, PC from books and records of the District with assistance of the management of the District.

Although standards strongly emphasize the District should prepare its own financial statements, the consensus between the Management and the independent accountant was that it would be more time and cost effective for the independent account to prepare the financial statement enclosed in this report. Accordingly, the District designated a competent management level individual to oversee the independent accountant's services, make management decisions and preform all management functions. The District reviewed, approved and accepted responsibility for the accompanying financial statement and any related notes and schedules which were prepared from the underlying accounting records which adequately support the financial statement in accordance with accounting principles generally accepted in the United States of America.