

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER  
CONSERVATION DISTRICT  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
Year Ended June 30, 2010**

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND  
WATER CONSERVATION DISTRICT  
Table of Contents**

Table of Contents	1
Official Roster	2
Independent Accountants' Report on Applying Agreed Upon Procedures	3
Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis)	7
Copy of Year-end Financial Report to DFA	8
Schedule of Findings and Reponses	10
Exit Conference	11

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND  
WATER CONSERVATION DISTRICT  
Official Roster**

**Board of Supervisors**

Fronia Jarmillo  
Ryan Schwebach  
Jim Berlier  
Rick Lopez  
Michael Stogner

Chairwoman  
Vice-Chairman  
Secretary/Treasurer  
Supervisor  
Supervisor

**Staff**

Cheri Lujan

District Manager

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

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Fronia Jaramillo, Chairwoman and  
The Board of Supervisors  
East Torrance Soil and Water Conservation District  
and Honorable Hector H. Balderas New Mexico State Auditor

We have performed the procedures enumerated below for the East Torrance Soil and Water Conservation District (ETSWCD), for the year ended June 30, 2010. The ETSWCD 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 ETSWCD through the Office of the New Mexico State Auditor. The East Torrance 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. Our procedures and findings are as follows:

**1. 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 (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:

The ETSWCD has one bank account and utilizes Quickbooks to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand. The ETSWCD also utilizes three Certificates of Deposit and two accounts with the New Mexico Local Government Investment Pool. All accounts were reconciled and agreed with the general ledger.

Random tests of bank reconciliations revealed that the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD.

**2. Capital Assets**

Procedures:

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

## Findings

The ETSWCD performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

### 3. 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.

(b) Test 50% of the total amount of revenues for the following attributes:

Amount recorded in the general ledger agrees to the supporting documentation and the bank statement. 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:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. Amounts recorded in Quickbooks agreed with supporting documentation and the bank statements.

Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

### 4. Expenditures

#### Procedures:

(a) Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for the following attributes:

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.

Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

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).

#### Findings:

Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

Disbursements were properly authorized and approved in compliance with the budget, legal requirements

and established policies and procedures.

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 ).

## 5. Journal Entries

Procedures:

- (a) If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:
- (b) Journal entries appear reasonable and have supporting documentation.
- (c) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Findings

The ETSWCD utilizes Quickbooks to record cash transactions only and does not prepare journal entries.

## 6. Budget

Procedures

- (a) Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:
- (b) 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.
- (c) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- (d) 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 review of the minutes revealed that the original budget was approved by the ETSWCD and the DFA-LGD. There were no subsequent budget adjustments.

Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the ETSWCD.

### 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, 12-6-6

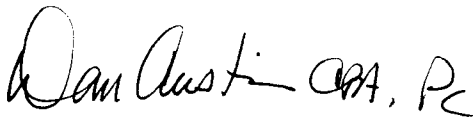
NMSA 1978. The findings must include the required content per Section 2.2.2.10 (l) (3) (C)NMAC.

#### Findings

Nothing came to our attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. 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 East Torrance Soil and Water Conservation District, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Dan Austin CPA, P.C." The signature is written in a cursive, flowing style.

Dan Austin CPA, P. C.  
Ruidoso, New Mexico  
December 6, 2010

STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (CASH BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Mill levy	\$ 80,000	\$ 80,000	\$ 99,971	\$ 19,971
New Mexico General Fund	10,000	10,000	9,533	(467)
Sales revenue - Tree and seed sales	9,000	7,500	8,349	849
NMACDE Training	150	150	-	(150)
BLM Agreement	3,712	3,712	3,712	-
HB Junior Bill	59,015	27,500	26,113	(1,387)
Interest	-	-	747	747
Reimbursements	4,800	4,800	4,575	(225)
<b>Total revenues</b>	<u>166,677</u>	<u>133,662</u>	<u>153,000</u>	<u>19,338</u>
<b>Expenditures</b>				
Current:				
Advertisements	\$ 2,000	\$ 2,000	\$ 1,123	\$ 877
BLM Project Costs - District Portion	3,712	3,712	3,712	-
Training	15,000	15,000	612	14,388
Contract Labor	26,860	26,860	23,073	3,787
Cost Share Payments	65,000	50,707	16,596	34,111
Dues	2,300	3,800	3,357	443
Equipment-other	15,000	13,500	3,378	10,122
Health Insurance	5,500	5,500	4,676	824
Bond	175	175	162	13
Mileage and Per Diem	3,644	3,644	1,833	1,811
NMACD Annual Meeting	2,000	2,000	1,360	640
NMACD Summer Meeting	2,000	2,000	939	1,061
Office Expenses	8,000	8,000	5,175	2,825
Education Building	25,000	25,000	4,457	20,543
Payroll & Taxes	65,800	65,800	56,407	9,393
PERA	4,000	4,000	3,150	850
Postage	3,500	3,500	1,869	1,631
Special Project Fees	35,000	35,000	3,474	31,526
SWCD Annual Meeting	3,000	3,000	2,265	735
Soil Stewardship	1,500	1,000	468	532
Tree Costs	8,500	7,500	7,253	247
Water Fair	3,000	1,000	-	1,000
Radio Advertising	1,000	1,000	1,000	-
NM Envirothon	500	500	-	500
Capital Outlay	65,222	50,000	38,041	11,959
<b>Total expenditures</b>	<u>367,213</u>	<u>334,198</u>	<u>184,380</u>	<u>\$ 149,818</u>
Excess (Deficiency) of Revenues over Expenditures	(200,536)	(200,536)	<u>\$ (31,380)</u>	
Cash Balance, Beginning	200,536	200,536		
Cash Balance, Ending	<u>\$ -</u>	<u>\$ -</u>		



NIJ Department of Finance and Administration  
 Local Government Division  
 Special District Periodic Financial Report

SUBJECT TO LOCAL GOVERNMENT DIVISION RELATED  
 THAN 30 DAYS AFTER THE CLOSE OF FISCAL YEAR  
 WHEREBY CERTIFY THAT THE FIGURES REPORTED  
 REPORT ARE TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE. THIS REPORT DEFLECTS ALL FUNDS

Signature

Entity Name: East Florence Soil & Water Conservation District  
 Period Ending: 06/30/2010

Prepared by: Clare Lybird

ENTRY CODE

FISCAL YEAR (YY): July 1, 2009 - June 30 2010

YEAR-TO-DATE RECAPITULATION

YEAR-TO-DATE RECONCILIATION

Line #	FUND TYPE	BEGINNING CASH BALANCE CURRENT FY	REVENUES TO DATE	TRANSFERS TO DATE	EXPENDITURES TO DATE	OTHERING CASH BALANCE	ADD OUTSTANDING CHECKS	LESS DEFICITS IN TRANSIT	ADJUSTED BALANCE END	BALANCE PER BANK STATEMENTS	DIFFERENCE		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
410001051	GENERAL FUND (GF) CERTIFICATES OF DEPOSIT.	200,556.31	151,506.83		159,244.37	155,172.00	10,819.26		166,339.34	166,339.34			
Pool 4101	LGP Fund 4101 - 07/20/06	16,034.72	370.14		311.62	16,654.91			16,654.91	16,654.91			
Pool 4102		56.37				63.85			63.86	63.86			
410002010	Wells Fargo Bank 14 month CD 08/11	1,054.56	244.86			14,167.30			14,167.30	14,167.30			
0315050	Bank of DeLen 3 month CD 08/13/010	1,372.15	128.03			13,390.24			14,380.24	13,390.24			
0011391	Bank of DeLen 6 month CD 12/02/010	26,909.00	365.46			26,334.80			26,334.80	26,334.80			
	GRAND TOTAL	270,492.20	152,778.72		190,595.99	155,377.06	10,819.26		216,945.24	216,945.24			

11:58 AM

07/12/10

**East Torrance SWCD**  
**Reconciliation Summary**  
Checking 2008-2011 Wells Fargo, Period Ending 06/30/2010

	<u>Jun 30, 10</u>
<b>Beginning Balance</b>	158,812.44
<b>Cleared Transactions</b>	
Checks and Payments - 23 Items	-9,032.14
Deposits and Credits - 3 Items	16,552.04
<b>Total Cleared Transactions</b>	<u>7,519.90</u>
<b>Cleared Balance</b>	<u><u>166,332.34</u></u>
<b>Uncleared Transactions</b>	
Checks and Payments - 7 Items	-10,860.26
<b>Total Uncleared Transactions</b>	<u>-10,860.26</u>
<b>Register Balance as of 06/30/2010</b>	<u><u>155,472.08</u></u>
<b>New Transactions</b>	
Checks and Payments - 5 Items	-2,351.15
<b>Total New Transactions</b>	<u>-2,351.15</u>
<b>Ending Balance</b>	<u><u>153,120.93</u></u>

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year Ended June 30, 2010**

**Prior Year Audit Findings**

09-A Late Audit Report - Repeated

07-A Auditor Prepared Financial Statements - Resolved

**Current Year Findings**

**09-A. Audit Report Submitted Late:**

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of December 1, 2008. Report was submitted December 7, 2010.

Criteria: The New Mexico State Auditor requires public entities to submit their audit reports by December 1. If the reports are submitted late, it is considered to be an instance of noncompliance with Subsection A of 2.2.2.9 NMAC.

Cause: Contractor failed to complete the contract by the due date.

Effect: Noncompliance with state law. In addition, users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. And, late audit reports could have an effect on state and federal funding.

Recommendation: Complete the audit reports in a timely manner.

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT  
Exit Conference  
Year Ended June 30, 2010**

**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on December 6, 2010 with the following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Vice Chairman  
Jim Berlier, Secretary Treasurer  
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA