

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER
CONSERVATION DISTRICT
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Year Ended June 30, 2011**

**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	9
Exit Conference	10

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

Board of Supervisors

Ryan Schwebach
Bill Wrye
Jim Berlier
Mike Valdez
Johnny Lujan

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

Ryan Schwebach, Chairman 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, 2011. 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 UCSWCD 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 two bank accounts 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.

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 other than to record interest on investments. No exceptions were noted.

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

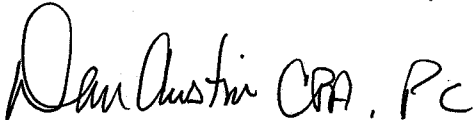
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (l) (3) (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.



Dan Austin CPA, P. C.
Ruidoso, New Mexico
November 3, 2011

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, 2011

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Mill levy	\$ 99,000	\$ 107,000	\$ 107,469	\$ 469
New Mexico General Fund	9,500	8,797	9,436	639
WUI/NFL Reimbursement	-	2,480	2,484	
Sales revenue - Tree and seed sales	8,000	5,000	5,069	69
NMACDE Training	150	150	150	-
BLM Agreement	-	5,000	-	(5,000)
HB Junior Bill	25,634	24,285	26,107	1,822
Interest	-	-	237	237
Reimbursements	4,800	4,800	6,531	1,731
Total revenues	<u>147,084</u>	<u>157,512</u>	<u>157,483</u>	<u>(33)</u>
Expenditures				
Current:				
Advertisements	2,000	1,260	1,128	132
BLM Project Costs - District Portion	3,700	3,683	-	3,683
Training	10,000	500	386	114
BLM Agreement	-	5,000	-	5,000
Contract Labor	19,500	19,100	19,099	1
Cost Share Payments	45,000	27,016	21,573	5,443
Dues	2,500	3,400	3,384	16
Equipment-other	10,000	1,700	1,526	174
Health Insurance	6,000	6,000	5,900	100
Bond	175	162	162	-
Mileage and Per Diem	2,000	360	353	7
NMACD Annual Meeting	1,500	325	325	-
NMACD Summer Meeting	1,500	1,036	1,035	1
Office Expenses	8,000	4,850	4,813	37
Education Building	10,000	3,000	2,828	172
Payroll & Taxes	65,800	63,000	62,902	98
PERA	4,000	4,000	3,150	850
Postage	3,500	2,500	1,579	921
Special Project Fees	30,000	2,590	2,585	5
SWCD Annual Meeting	2,352	2,140	2,140	-
Soil Stewardship	1,023	640	639	1
Tree Costs	7,300	5,000	4,590	410
Water Fair	800	-	-	-
Radio Advertising	1,000	-	-	-
NM Envirothon	500	250	250	-
Capital Outlay	29,334	-	-	-
Total expenditures	<u>267,484</u>	<u>157,512</u>	<u>140,347</u>	<u>\$ 17,165</u>
Excess (Deficiency) of Revenues over Expenditures	(120,400)	-	\$ 17,136	
Cash Balance, Beginning	226,084	226,084		
Cash Balance, Ending	<u>\$ 105,684</u>	<u>\$ 226,084</u>		

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings and Responses
Year Ended June 30, 2011**

Prior Year Audit Findings

09-A Late Audit Report - Resolved

Current Year Findings

None

**STATE OF NEW MEXICO
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT
Exit Conference
Year Ended June 30, 2011**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on November 3, 2011 with the following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Chairman
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA