

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER  
CONSERVATION DISTRICT  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
Year Ended June 30, 2012**

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND  
WATER CONSERVATION DISTRICT  
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**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, 2012. 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. Final budget adjustments were approved by DFA-LGD as presented in the attached budget report.

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

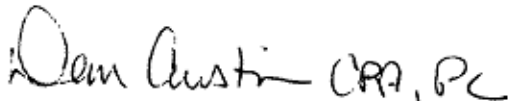
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I) (3) (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 16, 2012

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, 2012

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Mill levy	\$ 98,000	\$ 111,571	\$ 111,572	\$ 1
New Mexico General Fund	9,435	8,825	8,825	-
WUI/NFL Reimbursement	1,000	1,000	1,010	10
SWCC Grants	9,649	9,649	9,648	(1)
Sales revenue - Tree and seed sales	3,500	3,966	3,981	15
NMACDE Training	150	150	150	-
BLM Agreement	5,000	800	800	-
HB Junior Bill	26,085	24,800	24,800	-
Interest	-	-	189	189
Reimbursements	6,000	6,014	4,800	(1,214)
<b>Total revenues</b>	<u>158,819</u>	<u>166,775</u>	<u>165,775</u>	<u>(1,000)</u>
<b>Expenditures</b>				
Current:				
Advertisements	1,242	1,242	780	462
BLM Project Costs - District Portion	5,000	5,000	800	4,200
Training	1,100	1,100	990	110
Contract Labor	23,200	22,100	18,392	3,708
Cost Share Payments	99,047	103,025	7,222	95,803
Dues	2,500	3,600	3,584	16
Equipment-other	1,680	1,680	1,668	12
Health Insurance	6,000	6,000	5,900	100
Bond	175	175	162	13
Mileage and Per Diem	500	500	91	409
NMACD Annual Meeting	1,500	1,500	809	691
NMACD Summer Meeting	1,500	1,500	942	558
Office Expenses	7,113	7,113	3,740	3,373
Education Building	3,111	3,111	2,930	181
Payroll & Taxes	62,000	62,000	61,464	536
PERA	4,000	4,000	1,622	2,378
Special Project Fees	99,047	103,025	11,170	91,855
SWCD Annual Meeting	2,350	2,350	1,964	386
Soil Stewardship	900	900	491	409
SWCC Grant	9,648	9,648	9,548	100
Tree Costs	3,500	3,600	3,566	34
NM Envirothon	250	250	250	-
STO Losses	200	100	40	60
<b>Total expenditures</b>	<u>335,563</u>	<u>343,519</u>	<u>138,125</u>	<u>\$ 205,394</u>
Excess (Deficiency) of Revenues over Expenditures	(176,744)	(176,744)	27,650	
Cash Balance, Beginning	177,844	177,844	177,844	
Cash Balance, Ending	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 205,494</u>	



DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU  
 SOIL AND WATER CONSERVATION DISTRICT QUARTERLY FINANCIAL REPORT

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.

S.W.C.D.: Elbert Terrace Soil & Water Conservation District  
 Period Ending: 06/30/2012

*Christine D...*

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT												
Fund #	FUND	CASH BALANCE PER BOOKS July 1, 2011 (1)	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	177,844	165,775	-	138,126	205,494	2,157	-	(9)	207,651	207,651	-
299	OTHER	-	-	-	-	-	-	-	-	-	-	-
400	DEBT SERVICE	-	-	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL</b>	<b>\$ 177,844</b>	<b>\$ 165,775</b>	<b>\$ -</b>	<b>\$ 138,126</b>	<b>\$ 205,494</b>	<b>\$ 2,157</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 207,651</b>	<b>\$ 207,651</b>	<b>\$ -</b>

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

USER NOTES: (Please describe what has changed from previous year used for)

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year Ended June 30, 2012**

**Prior Year Audit Findings**

**None**

**Current Year Findings**

**None**

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND WATER CONSERVATION DISTRICT  
Exit Conference  
Year Ended June 30, 2012**

**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on November 18, 2012 with the following in attendance:

East Torrance Soil and Water Conservation District

Ryan Schwebach, Chairman  
Cheri Lujan, District Manager

Accounting Firm

Dan Austin, CPA