



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
www.mgandc.com

STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

Independent Accountants' Report on Applying
Agreed-Upon Procedures – Tier 4

Year Ended June 30, 2016

STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

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**STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT**

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**STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT**

**Official Roster
at June 30, 2016**

<u>Name</u>		<u>Title</u>
<u>Board of Supervisors</u>		
Horace Leyba		Chairman
Eloy Olivas		Vice-Chairman
Lorrie A. V. Leyba		Secretary/Treasurer
J. Agapito Candelaria		Supervisor
Frank Martinez		Supervisor
<u>Staff</u>		
Jo Ann N. Valdez		District Manager



Macias, Gutierrez
& Co., P.C.

*Certified Public Accountants
Member AICPA, NMSCPA*

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES – TIER 4

To: Horace Leyba, Chairman
Upper Chama Soil and Water Conservation District
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Upper Chama Soil and Water Conservation District (UCSWCD), for the year ended June 30, 2016, solely to assist the UCSWCD in demonstrating compliance with a **Tier 4** entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978, as set forth in the accompanying Exhibits A, B and C. The procedures were agreed to by the UCSWCD through the Office of the New Mexico State Auditor. The Upper Chama 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. Before beginning the procedures below, the IPA must verify the local public body's revenue calculation and tier determination using the form provided at www.osanm.org under "Financial Audits" and "What IPA Services are Required."

Results of Procedures Performed

We verified UCSWCD's revenue calculation and tier determination. UCSWCD's cash basis revenue was between the **Tier 4** lower and upper limits and had no state capital outlay.

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) 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.

Results of Procedures Performed

- a) The UCSWCD has two bank accounts (one operating account and one reserve account) and utilizes Quicken to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand for the entire year.
- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the June 30, 2016 cash balances to the quarterly financial report submitted to DFA-LGD (Exhibit B), without exception.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on either bank account.

3. Capital Assets

Procedures

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

Results of Procedures Performed

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

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 based on auditor judgment and test using 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 Performed

- a) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) We requested supporting documentation for fourteen (14) deposits (99% of total revenue) from a total of 48 deposits for the year. For the sample selected, amounts recorded in Quicken agreed with supporting documentation and the bank statements without exception.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

5. Expenditures

Procedures

Select a sample of cash disbursements based on auditor judgment and test using 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 13-1-99 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 Performed

- a) We requested supporting documentation for thirty (30) disbursements (28% of total expenses) out of a total of 343 disbursements for the year. For the sample selected, 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 copy, as appropriate.
- b) For the sample selected, disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) 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).

6. Journal Entries

Procedures

If 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.

Results of Procedures Performed

The UCSWCD utilizes Quicken to record cash transactions only and does not prepare journal entries.

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 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 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.

Results of Procedures Performed

- a) A review of the minutes revealed that the original proposed budget was approved by the UCSWCD and the DFA-LGD. There were no subsequent budget adjustments.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual (Exhibit A) was prepared on the cash budgetary basis used by the UCSWCD. The UCSWCD submitted a revised year-end Budget to Actual Report for FY 2016 to DFA-LGD which is included herein (Exhibit C).

8. 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.

Results of Procedures Performed

No exceptions were found as a result of applying the procedures described above (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 of the financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or any part thereof, including the accompanying Exhibits A, B and C. 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 Upper Chama Soil and Water Conservation District, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Macias, Gutierrez & Co., CPAs, P. C.

Macias, Gutierrez & Co., CPAs, P. C.
Espanola, New Mexico
September 23, 2016

**STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2016**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Mill Levy	\$ 95,000	\$ 95,000	\$ 112,376	\$ 17,376
Point System	10,000	10,000	14,674	4,674
Miscellaneous (reimbursements)	250	250	991	741
Interest	100	100	60	(40)
Total revenues	<u>105,350</u>	<u>105,350</u>	<u>128,101</u>	<u>22,751</u>
Cash balance budgeted	<u>175,734</u>	<u>175,734</u>	<u>175,734</u>	<u>-</u>
Total revenues and cash balance budgeted	<u>\$ 281,084</u>	<u>\$ 281,084</u>	<u>303,835</u>	<u>22,751</u>
Expenditures:				
Advertising, Public Relations	\$ 1,000	\$ 1,000	386	614
Annual Audit Expenses	4,200	4,200	3,908	292
Bank Charge	-	-	-	-
Bonding/Liability Insurance	3,000	3,000	2,725	275
Conservation Project Expenses (Acequias)	1,000	1,000	109	891
Contractual Services	4,000	4,000	1,238	2,762
Cost Share Expense (Noxious Weeds)	5,000	5,000	5,000	-
Dues and Subscriptions	1,050	1,050	1,015	35
Education Expense/Training Workshops	3,250	3,250	1,626	1,624
Health Insurance	6,600	6,600	6,379	221
Equipment-Machinery/Maintenance	1,000	1,000	1,145	(145)
Fees and Services (Bd. Travel/per diem)	10,000	10,000	8,638	1,362
Legal Counsel	5,000	5,000	-	5,000
Building Expenses/Furn. Fixtures	110,000	110,000	80,638	29,362
Loan Payments	15,500	15,500	15,017	483
Mileage and Per Diem	5,000	5,000	2,914	2,086
Office Expense	3,000	3,000	2,267	733
Salaries and Benefits	35,000	35,000	29,793	5,207
Postage	1,500	1,500	924	576
GRT Taxes	8,000	8,000	7,690	310
Utilities (gas/water/electricity)	<u>6,800</u>	<u>6,800</u>	<u>5,934</u>	<u>866</u>
Total expenditures	<u>\$ 229,900</u>	<u>\$ 229,900</u>	<u>177,346</u>	<u>52,554</u>
Excess revenues over expenditures			<u>\$ 126,489</u>	<u>\$ 75,305</u>

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.

Jo Ann N. Valdez, District Manager

Soil and Water Conservation District: Upper Chama
 Period Ending: 06/30/16

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2015 (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	\$ 175,734.43	\$ 128,101.08	-	\$ 177,345.90	\$ 126,489.61	\$ 864.13			\$ 127,353.74	\$ 127,353.74	\$ -
218	INTERGOVERNMENTAL GRANTS		-	-	-	-				\$ -		\$ -
299	OTHER		-	-	-	-				\$ -		\$ -
400	DEBT SERVICE		-	-	-	-				\$ -		\$ -
	GRAND TOTAL	\$ 175,734.43	\$ 128,101.08	\$ -	\$ 177,345.90	\$ 126,489.61	\$ 864.13	\$ -	\$ -	\$ 127,353.74	\$ 127,353.74	\$ -

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.)

SWCD:
Upper Chama

Period Ending: 6/30/2016

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Total Property Tax Production To Date	\$ 28,044.26	\$ 112,376.18	\$ 95,000.00	1.182907158
Total Interest From Bank Accounts and CDs	\$ 13.65	\$ 59.76	\$ 100.00	0.5976
Hazardous Fuels Income	\$ -	\$ -	\$ -	
Grass Seed and or Tree Sales	\$ -	\$ -	\$ -	
Book Sales	\$ -	\$ -	\$ -	
Rent Revenue	\$ -	\$ -	\$ -	
Brush Control Materials	\$ -	\$ -	\$ -	
Noxious Weed Program	\$ -	\$ -	\$ -	
Conservation Sale Items	\$ -	\$ -	\$ -	
Miscellaneous	\$ 795.00	\$ 990.70	\$ 250.00	3.9628
Point System	\$ -	\$ 14,674.44	\$ 10,000.00	1.467444
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
TOTAL GENERAL FUND REVENUES	\$ 28,852.91	\$ 128,101.08	\$ 105,350.00	1.215957095
Intergovernmental Grants 218				
State or University Grants	\$ -	\$ -	\$ -	
Federal Grants	\$ -	\$ -	\$ -	
State Grants	\$ -	\$ -	\$ -	
Local Grants	\$ -	\$ -	\$ -	
Private Grants	\$ -	\$ -	\$ -	
Legislative Funding	\$ -	\$ -	\$ -	
Miscellaneous (e.g. NMDA)	\$ -	\$ -	\$ -	
TOTAL GRANT REVENUES	\$ -	\$ -	\$ -	-
Other 299				
Contract Services	\$ -	\$ -	\$ -	
Educational Income	\$ -	\$ -	\$ -	
Charges for Services	\$ -	\$ -	\$ -	
Capital Outlay Funded	\$ -	\$ -	\$ -	
Project Income-Conservation & Environmental	\$ -	\$ -	\$ -	
Emergency Watershed Protection Program	\$ -	\$ -	\$ -	
Project Income - Reloan Program	\$ -	\$ -	\$ -	
Project Expenses Income	\$ -	\$ -	\$ -	
Silent Auctions	\$ -	\$ -	\$ -	
Miscellaneous	\$ -	\$ -	\$ -	
OTHER FUND 299 FROM DETAIL TAB	\$ -	\$ -	\$ -	-
TOTAL OTHER 299	\$ -	\$ -	\$ -	-
Debt Service 400				
General Obligation Bonds				
General Obligation - (Property Tax)	\$ -	\$ -	\$ -	
Investment Income	\$ -	\$ -	\$ -	
Other - Misc	\$ -	\$ -	\$ -	
Revenue Bonds				
Bond Proceeds	\$ -	\$ -	\$ -	
Revenue Bonds - GRT	\$ -	\$ -	\$ -	
Investment Income	\$ -	\$ -	\$ -	
Revenue Bonds - Other	\$ -	\$ -	\$ -	
Miscellaneous (NMFA, BOF, etc.)	\$ -	\$ -	\$ -	
Investment Income	\$ -	\$ -	\$ -	
Loan Revenue	\$ -	\$ -	\$ -	
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	-
GRAND TOTALS REVENUES- CURRENT QTR	\$ 28,852.91	\$ 128,101.08	\$ 105,350.00	1.215957095

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

SWCD:
Upper Chama

Period Ending: 6/30/2016

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Advertising	\$ -	\$ 385.65	\$ 1,000.00	0.38565
Audit	\$ -	\$ 3,908.26	\$ 4,200.00	0.9305381
Building Expense	\$ -	\$ 80,638.15	\$ 110,000.00	0.73307409
Conservation Projects	\$ -	\$ 109.20	\$ 1,000.00	0.1092
Dues and Subscriptions	\$ -	\$ 1,015.00	\$ 1,050.00	0.96666667
Education	\$ 100.00	\$ 1,625.66	\$ 3,250.00	0.50020308
Equipment Machinery and Maintenance	\$ 754.19	\$ 1,144.54	\$ 1,000.00	1.14454
Fees and Services - Board	\$ 2,299.74	\$ 8,637.81	\$ 10,000.00	0.863781
Building/Bond/Liability Insurance	\$ -	\$ 2,725.00	\$ 3,000.00	0.90833333
Loan and Interest Payment	\$ 3,754.23	\$ 15,017.10	\$ 15,500.00	0.96884516
Mileage and Per Diem	\$ 647.03	\$ 2,914.18	\$ 5,000.00	0.582836
Office Expenses	\$ 825.72	\$ 2,267.14	\$ 3,000.00	0.75571333
Health Insurance	\$ 1,594.80	\$ 6,379.20	\$ 6,600.00	0.96654545
Personnel Services, Salaries including Benefits	\$ 8,021.36	\$ 29,792.61	\$ 35,000.00	0.85121743
Postage Expense	\$ 193.00	\$ 924.26	\$ 1,500.00	0.61617333
Professional Fees/Contractual Services	\$ 655.30	\$ 1,237.56	\$ 4,000.00	0.30939
Taxes	\$ 2,005.27	\$ 7,690.39	\$ 8,000.00	0.96129875
Utilities (electricity, Propane, telephone, trash)	\$ 1,120.54	\$ 5,934.19	\$ 6,800.00	0.872675
Election Expense	\$ -	\$ -	\$ -	
Cost-share (Noxious Weeds)	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	1
Legal Council	\$ -	\$ -	\$ 5,000.00	0
Miscellaneous Expenses	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
Total General Fund Expenditures	\$ 26,971.18	\$ 177,345.90	\$ 229,900.00	0.77140452
Intergovernmental Grants Expenditures 218				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Other	0	0	0	
Total Grant Expenditures	\$ -	\$ -	\$ -	
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	\$ 26,971.18	\$ 177,345.90	\$ 229,900.00	0.77140452

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

**STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT**

**Schedule of Findings and Responses
Year Ended June 30, 2016**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
None	N/A	N/A	N/A
Follow-up on Prior Year Findings:			
None	N/A	N/A	N/A

*** Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT**

**Exit Conference
Year Ended June 30, 2016**

EXIT CONFERENCE

The report contents were discussed in a telephonic exit conference held on October 7, 2016 with the following:

Upper Chama Soil and Water Conservation District

By telephone in the District Conference Room:

Horace Leyba, Board Chairman
Lorrie A.V. Leyba, Secretary-Treasurer
Jo Ann N. Valdez, District Manager

Accounting Firm

By telephone:

James R. (Jim) Macias, CPA