



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
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STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2010

STATE OF NEW MEXICO

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

**Official Roster
at June 30, 2010**

<u>Name</u>	<u>Title</u>
<u>Board of Supervisors</u>	
J. Agapito Candelaria	Chairman
Michael Gomez	Vice-Chairman
Juanita Pino	Secretary/Treasurer
Horace Leyba	Supervisor
Eloy Olivas	Supervisor
<u>Staff</u>	
Jo Ann N. Valdez	District Manager



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Member AICPA, NMSCPA

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: J. Agapito Candelaria, Chairman
Upper Chama Soil and Water Conservation District
and
Honorable Hector H. Balderas
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, 2010. The UCSWCD 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 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. 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

- a) The UCSWCD has two bank accounts 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.
- b) Random tests of bank reconciliations revealed that, for one bank account, the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD. However, for the other bank account, three of four quarterly reconciliations were not accurate and did not agree with supporting documentation, nor with the quarterly financial reports submitted to DFA-LGD. For this bank account, the June 30, 2010 reconciliation was accurate but did not agree with the amount reported to DFA-LGD by \$51.47. The reconciliation differences were small and were related to non-recognition of an outstanding check (\$51.95) and duplicate postings of an expense for safe deposit box rental (\$50.47). The differences were identified and discussed with the District Office Manager during the engagement.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on either bank account.

2. Capital Assets

Procedures

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

Findings

The UCSWCD 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.

Test 50% of the total amount of revenues for 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) Amounts recorded in Quicken agreed with supporting documentation and the bank statements.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

4. Expenditures

Procedures

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

Findings

- a) 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.
- b) 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).

5. 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.

Findings

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

6. 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.

Findings

- a) A review of the minutes revealed that the original 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 was prepared on the cash budgetary basis used by the UCSWCD.

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 Upper Chama 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.

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

Macias, Gutierrez & Co., CPAs, P. C.
Espanola, New Mexico
September 10, 2010

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, 2010

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Mill Levy	\$ 80,000	\$ 80,000	\$ 96,723	\$ 16,723
Point System	8,000	8,000	9,533	1,533
Miscellaneous (reimbursements)	100	100	17,891	17,791
Interest	100	100	188	88
Total revenues	<u>88,200</u>	<u>88,200</u>	<u>124,335</u>	<u>36,135</u>
Cash balance budgeted	<u>134,111</u>	<u>134,111</u>	<u>134,059</u>	<u>(52)</u>
Total revenues and cash balance budgeted	<u>\$ 222,311</u>	<u>\$ 222,311</u>	<u>258,394</u>	<u>36,083</u>
Expenditures:				
Audit Expenses	\$ 10,000	\$ 10,000	-	10,000
Bank Charge	150	150	50	100
Bond (insurance)	300	300	115	185
Capital Outlay	65,000	65,000	44,460	20,540
Cost Share Project	10,000	10,000	10,000	-
District Conservation Project	6,000	6,000	2,072	3,928
Dues and Subscriptions	1,500	1,500	1,336	164
Education Items	1,000	1,000	-	1,000
Election	1,000	1,000	717	283
Equipment	2,500	2,500	-	2,500
Equipment Maintenance	1,500	1,500	1,040	460
Furniture/fixtures	20,000	20,000	-	20,000
Loan Principal/Interest Payments	15,200	15,200	15,017	183
Mileage	3,000	3,000	781	2,219
Office Supplies	3,500	3,500	1,165	2,335
Payroll/Health Insurance Expense	27,000	27,000	21,037	5,963
Postage and Delivery	1,800	1,800	900	900
Professional Fees	6,000	6,000	2,293	3,707
Property Insurance	4,000	4,000	1,554	2,446
Publications	2,500	2,500	1,041	1,459
Taxes	6,500	6,500	4,224	2,276
Travel and Per Diem	10,000	10,000	6,779	3,221
Utilities	13,000	13,000	5,828	7,172
Workshops/Meetings	2,000	2,000	1,302	698
Total expenditures	<u>\$ 213,450</u>	<u>\$ 213,450</u>	<u>121,711</u>	<u>91,739</u>
Excess revenues over expenditures			<u>\$ 136,683</u>	<u>\$ 127,822</u>

INCOME	Upper Chama SWCD				FY2009-2010				YEAR	
	BUDGET	ACTUAL	1st QTR	2nd QTR	3rd QTR	4th QTR	ACTUAL	TO DATE	4th QTR	BALANCE
CARRY OVER	\$ 134,111.00	\$ 134,110.89						\$ 134,110.89		
MILL LEVY	\$ 80,000.00	\$ 6,552.83	\$ 28,893.18	\$ 37,410.01	\$ 23,866.56	\$ 96,722.58				
POINT SYSTEM	\$ 8,000.00	\$ 9,533.21				\$ 9,533.21				
MISCELLANEOUS	\$ 100.00	\$ 16,204.47	\$ 60.20	\$ 24.66	\$ 1,601.76	\$ 17,891.09				
INTEREST	\$ 100.00	\$ 46.98	\$ 46.87	\$ 46.50	\$ 48.09	\$ 188.44				
TOTAL:	\$ 222,311.00	\$ 166,448.38	\$ 29,000.25	\$ 37,481.17	\$ 25,516.41	\$ 258,446.21				
EXPENSES:										
CATEGORY	BUDGET AMOUNT	AMENDED BUDGET	ACTUAL 1st QTR	ACTUAL 2nd QTR	ACTUAL 3rd QTR	ACTUAL 4th QTR	ACTUAL	YEAR TO DATE	BALANCE	
Audit Expenses	\$ 10,000.00							\$ 10,000.00		
Bank Charge	\$ 150.00							\$ 50.47	\$ (50.47)	\$ 99.53
Bond (insurance)	\$ 300.00		\$ (114.82)						\$ (114.82)	\$ 185.18
Capital Outlay	\$ 65,000.00		\$ (14,600.00)	\$ (2,856.07)	\$ (12,574.92)	\$ (14,428.85)			\$ (44,459.84)	\$ 20,540.16
Cost-Share Project NNMWBC-Weed Management Area	\$ 10,000.00		\$ (5,000.00)						\$ (5,000.00)	\$ -
District Conservation Project	\$ 6,000.00								\$ (2,072.41)	\$ 3,927.59
Dues and Subscriptions	\$ 1,500.00		\$ (1,275.00)						\$ (10.00)	\$ 164.00
Education Items	\$ 1,000.00									\$ 1,000.00
Election	\$ 1,000.00								\$ (20.45)	\$ 283.25
Equipment	\$ 2,500.00									\$ 2,500.00
Equipment Maintenance	\$ 1,500.00		\$ (777.49)	\$ (30.21)					\$ (232.09)	\$ 460.21
Furniture/fixtures	\$ 20,000.00									\$ 20,000.00
Loan Principal/Interest Payments	\$ 15,200.00		\$ (3,754.35)	\$ (3,754.35)	\$ (3,754.35)	\$ (3,754.35)			\$ (15,017.40)	\$ 182.60
Mileage	\$ 3,000.00		\$ (426.88)	\$ (143.36)					\$ (210.34)	\$ 2,219.42
Office Supplies	\$ 3,500.00		\$ (556.78)						\$ (561.97)	\$ 2,334.67
Payroll/Health Insurance Expense/5%										
COLA	\$ 27,000.00		\$ (4,794.34)	\$ (5,520.32)	\$ (4,780.64)				\$ (5,941.73)	\$ 5,962.97
Postage and Delivery	\$ 1,800.00		\$ (434.34)	\$ (57.24)	\$ (207.22)				\$ (200.81)	\$ 900.39
Professional Fees (Contract Labor)	\$ 6,000.00		\$ (128.97)	\$ (1,226.64)	\$ (802.35)				\$ (135.42)	\$ 3,706.62
Property Insurance/Tort Claims Liability										
Insurance	\$ 4,000.00		\$ (1,000.00)	\$ (554.00)						\$ 2,446.00
Publications	\$ 2,500.00		\$ (328.87)	\$ (110.36)					\$ (157.28)	\$ 1,459.08
Taxes	\$ 6,500.00		\$ (1,124.29)	\$ (1,026.03)	\$ (1,169.73)				\$ (903.88)	\$ 2,276.07
Travel and Per Diem	\$ 10,000.00		\$ (1,805.00)	\$ (2,280.00)	\$ (1,455.08)				\$ (1,239.20)	\$ 3,220.72
Utilities (gas/water/electricity/telephone)	\$ 13,000.00		\$ (1,965.28)	\$ (585.05)	\$ (2,524.58)				\$ (853.21)	\$ 7,071.88
Workshops/Meetings	\$ 2,000.00		\$ (150.00)	\$ (298.28)					\$ (853.72)	\$ 698.00
TOTAL EXPENSES:	\$ 213,450.00		\$ (38,236.41)	\$ (18,441.91)	\$ (35,090.98)	\$ (30,042.36)			\$ (121,811.66)	\$ 91,638.34

Bank of America

Quarterly Cash Report
 FY 2009-2010
 Bank of America

Fund: Checking Account NO: 407040674	Cash Balance: \$ 61,844.90	Receipts to Date: \$ 32,291.93	Transfers to Date:	Disbursed to Date: \$ (38,236.41)	Cash Balance Quarter Ending : 9/30/2009 \$ 132,373.24
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Fund: Checking Account NO: 407040674	Cash Balance: \$ 55,900.42	Receipts to Date: \$ 28,954.07	Transfers to Date:	Disbursed to Date: \$ (18,441.91)	Cash Balance Quarter Ending : 12/31/2009 \$ 66,412.58
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Fund: Checking Account NO: 407040674	Cash Balance: \$ 66,412.58	Receipts to Date: \$ 37,434.67	Transfers to Date:	Disbursed to Date: \$ (35,090.98)	Cash Balance Quarter Ending : 3/31/2010 \$ 68,756.27
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Fund: Checking Account NO: 407040674	Cash Balance: \$ 68,756.27	Receipts to Date: \$ 22,427.93	Transfers to Date:	Disbursed to Date: \$ (30,042.36)	Cash Balance Quarter Ending : 6/30/2010 \$ 61,141.84
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Community Bank

Quarterly Cash Report
 FY 2009-2010
 Community Bank

Fund: Checking Account NO:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending :	9/30/2009
8230111	\$ 72,265.99	\$ 45.56		\$ -	\$ 72,311.55	

Fund: Checking Account NO:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending :	12/31/2009
8230111	\$ 72,311.55	\$ 45.58			\$ 72,357.13	

Fund: Checking Account NO:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending :	3/31/2010
8230111	\$ 72,357.13	\$ 44.62			\$ 72,401.75	

Fund: Checking Account NO:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending :	6/30/2010
8230111	\$ 72,401.75	\$ 3,088.48			\$ 75,490.23	

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

**Schedule of Findings and Responses
Year Ended June 30, 2010**

	<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, 2010**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on September 17, 2010 with the following in attendance:

Upper Chama Soil and Water Conservation District

J. Agapito Candelaria, Board President
Lorrie Leyba, Board Secretary/Treasurer
Jo Ann N. Valdez, District Manager

Accounting Firm

James R. (Jim) Macias, CPA