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CERTIFIED PUBLIC ACCOUNTANTS  
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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, 2011

**STATE OF NEW MEXICO**

**UPPER CHAMA SOIL AND WATER  
CONSERVATION DISTRICT**

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Agreed-Upon Procedures**

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

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June 30, 2011**

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

**Official Roster  
at June 30, 2011**

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<u>Name</u>		<u>Title</u>
<b><u>Board of Supervisors</u></b>		
J. Agapito Candelaria		Chairman
Horace Leyba		Vice-Chairman
Lorrie A. V. Leyba		Secretary/Treasurer
Michael Gomez		Supervisor
Eloy Olivas		Supervisor
<b><u>Staff</u></b>		
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**

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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, 2011, 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. 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 (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.
- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the June 30, 2011 cash balances to the required 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.

## **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.

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.

### **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.
- d) 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 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 ).

##### **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 copy, 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 was one subsequent budget adjustment for the Wild land/Urban Interface and Hazardous Fuels Reduction Grant.
- 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 Budget Report for FY 2010-2011 to DFA-LGD which is included herein (Exhibit C). We noted that although total reported expenditures were correct, Grant Administrative Expenses were understated by \$2,325. Grant payroll (\$2,151), travel and per diem (\$95) and office supplies (\$79) were incorrectly reported in the general fund expenditures. Exhibit A reflects the correct amounts.

### **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 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 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 15, 2011



**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, 2011**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Mill Levy	\$ 70,000	\$ 89,000	\$ 97,787	\$ 8,787
Point System	7,000	8,000	9,436	1,436
Miscellaneous (reimbursements)	100	100	2,093	1,993
Interest	150	160	195	35
Wild land/Urban Interface and Hazardous Fuels Reduction Grant	-	274,050	31,611	(242,439)
Total revenues	77,250	371,310	141,122	(230,188)
Cash balance budgeted	110,000	136,684	136,684	-
Total revenues and cash balance budgeted	<u>\$ 187,250</u>	<u>\$ 507,994</u>	<u>277,806</u>	<u>(230,188)</u>
<b>Expenditures:</b>				
Audit Expenses	\$ 5,000	\$ 4,000	3,456	544
Bank Charge	100	100	45	55
Bond (insurance)	300	300	126	174
Bldg. Exp.-Cleaning/Maintenance	-	12,000	4,202	7,798
Capital Outlay	20,000	-	-	-
Contract Labor-Equipment	-	3,000	-	3,000
Cost Share Funding	-	6,000	-	6,000
Weed Cost Share Project	10,000	10,000	10,000	-
District Conservation Project	8,000	8,000	6,000	2,000
Dues and Subscriptions	1,500	2,000	225	1,775
Educational Items	1,000	-	-	-
Election	500	-	-	-
Equipment-Machinery	5,000	8,000	-	8,000
Equipment Maintenance	2,500	4,000	-	4,000
Furniture/fixtures	20,000	20,000	10,604	9,396
Legal Advertisements	-	1,200	302	898
Loan Principal/Interest Payments	15,500	15,200	15,017	183
Mileage	3,500	3,000	1,303	1,697
Office Supplies	3,000	3,000	2,736	264
Salaries and Benefits/5% COLA	27,000	30,000	21,301	8,699
Postage and Delivery	2,000	3,000	964	2,036
Professional Fees-Legal	10,000	10,000	-	10,000
Professional Fees-P/R Prep and Taxes	-	1,500	1,277	223
Building/Property/Liability Insurance	6,000	2,000	1,881	119
Publications	2,500	-	-	-
Taxes	7,000	6,500	4,590	1,910
Telephone	-	3,000	1,543	1,457
Travel and Per Diem	10,000	10,000	8,645	1,355
Utilities	13,500	14,000	2,929	11,071
Workshops/Meetings	2,000	4,000	3,234	766
Grant Administrative Expenses	-	13,050	6,447	6,603
Grant Archeological Services	-	11,000	10,629	371
Grant Thinning Services	-	250,000	-	250,000
Total expenditures	<u>\$ 175,900</u>	<u>\$ 457,850</u>	<u>117,456</u>	<u>340,394</u>
Excess revenues over expenditures			<u>\$ 160,350</u>	<u>\$ 110,206</u>





Upper Chama Soil and Water Conservation District  
4th QUARTER BUDGET REPORT FY 2010-2011

INCOME	BUDGET	BUDGET ADJUSTMENT	AMENDED BUDGET	ACTUAL 1st QTR	ACTUAL 2nd QTR	ACTUAL 3rd QTR	ACTUAL 4th QTR	YEAR TO DATE	
<b>GENERAL FUND REVENUES (101)</b>									
Carry Over	\$ 136,683.54		\$ 136,683.54	\$ 136,683.54	\$ -	\$ -	\$ -	\$ 136,683.54	
Mill Levy	\$ 89,000.00		\$ 89,000.00	\$ 3,887.72	\$ 37,134.88	\$ 32,642.51	\$ 24,121.51	\$ 97,786.62	
Poirt System	\$ 8,000.00		\$ 8,000.00	\$ 8,797.28	\$ -	\$ -	\$ 638.50	\$ 9,435.78	
Miscellaneous	\$ 100.00		\$ 100.00	\$ 305.60	\$ 757.63	\$ 394.18	\$ 635.76	\$ 2,093.17	
Interest	\$ 160.00		\$ 160.00	\$ 48.89	\$ 48.79	\$ 48.20	\$ 49.03	\$ 194.91	
<b>Total General Fund Revenues</b>	<b>\$ 233,943.54</b>		<b>\$ 233,943.54</b>	<b>\$ 149,723.03</b>	<b>\$ 37,941.30</b>	<b>\$ 33,084.89</b>	<b>\$ 25,444.80</b>	<b>\$ 246,194.02</b>	
<b>GRANT REVENUES (218)</b>									
ARRA Grant	\$ 63,000.00	\$ 211,050.00	\$ 274,050.00	\$ -	\$ 13,997.07	\$ 661.27	\$ 16,952.84	\$ 31,611.18	
<b>TOTAL REVENUES:</b>	<b>\$ 296,943.54</b>	<b>\$ 211,050.00</b>	<b>\$ 507,993.54</b>	<b>\$ 149,723.03</b>	<b>\$ 51,938.37</b>	<b>\$ 33,746.16</b>	<b>\$ 42,397.64</b>	<b>\$ 277,805.20</b>	
<b>GENERAL FUND EXPENDITURES (101)</b>									
<b>CATEGORY</b>	<b>BUDGET AMOUNT</b>	<b>BUDGET ADJUSTMENT</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL 1st QTR</b>	<b>ACTUAL 2nd QTR</b>	<b>ACTUAL 3rd QTR</b>	<b>ACTUAL 4th QTR</b>	<b>YEAR TO DATE</b>	<b>BALANCE</b>
Annual Audit	\$ 4,000.00	\$ -	\$ 4,000.00	\$ (3,110.40)	\$ (345.50)	\$ -	\$ -	\$ (3,455.90)	\$ 544.10
Bank Charge	\$ 100.00	\$ -	\$ 100.00	\$ -	\$ -	\$ (6.00)	\$ (39.00)	\$ (45.00)	\$ 55.00
Building Expenses - Cleaning/ Maintenance	\$ 12,000.00	\$ -	\$ 12,000.00	\$ (127.97)	\$ (2,979.97)	\$ (1,072.25)	\$ (21.85)	\$ (4,202.04)	\$ 7,797.96
Contract Labor - Equipment	\$ 3,000.00	\$ -	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
Cost-Share Funding	\$ 6,000.00	\$ -	\$ 6,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000.00
District Conservation Projects - (Acequia Emergency Funds)	\$ 8,000.00	\$ -	\$ 8,000.00	\$ -	\$ (2,000.00)	\$ -	\$ (4,000.00)	\$ (6,000.00)	\$ 2,000.00
Dues - (NMACD-NACD-RC&D)	\$ 2,000.00	\$ -	\$ 2,000.00	\$ (100.00)	\$ (75.00)	\$ (50.00)	\$ -	\$ (225.00)	\$ 1,775.00





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

**Schedule of Findings and Responses  
Year Ended June 30, 2011**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
None	N/A	N/A	N/A
<b>Follow-up on Prior Year Findings:</b>			
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, 2011**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on November 1, 2011 with the following in attendance:

Upper Chama Soil and Water Conservation District

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

Accounting Firm

James R. (Jim) Macias, CPA