



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

Year Ended June 30, 2012

STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

**Independent Accountants' Report on Applying
Agreed-Upon Procedures**

Year Ended June 30, 2012

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

**Table of Contents
June 30, 2012**

		<u>Page</u>
Title Page		i
Table of Contents		ii
Official Roster		iii
Independent Accountants' Report on Applying Agreed-Upon Procedures		iv-vii
	<u>Exhibit</u>	
Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis)	A	1
Copy of year-end cash balance report submitted to DFA	B	2-3
Copy of year-end budget report submitted to DFA	C	4-5
Schedule of Findings and Responses		6
Exit Conference		7

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

**Official Roster
at June 30, 2012**

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



Macias, Gutierrez
& Co., P.C.

Certified Public Accountants
Member AICPA, NMSCPA

1302 Calle De La Merced, Suite A
Española, New Mexico 87532
505.747.4415
Fax 505.747.4417

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, 2012, 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 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, 2012 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 proposed budget was approved by the UCSWCD and the DFA-LGD. There was one subsequent budget adjustment to correct the actual cash carryover and to adjust several line items.
- 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 2012 to DFA-LGD which is included herein (Exhibit C). Although all accounts were properly reconciled, we noted that total reported expenditures were overstated by \$47 due to a voided check and an adjustment to another line item. Mileage and telephone expenses were overstated by \$44 and \$3, respectively. 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

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 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 21, 2012

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, 2012

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Mill Levy	\$ 90,000	\$ 92,500	\$ 97,173	\$ 4,673
Point System	8,000	8,700	8,825	125
Miscellaneous (reimbursements)	500	500	1,227	727
Interest	70	200	144	(56)
Wild land/Urban Interface and Hazardous Fuels Reduction Grant	257,363	257,235	228,463	(28,772)
Total revenues	355,933	359,135	335,832	(23,303)
Cash balance budgeted	123,467	160,350	160,350	-
Total revenues and cash balance budgeted	<u>\$ 479,400</u>	<u>\$ 519,485</u>	<u>496,182</u>	<u>(23,303)</u>
Expenditures:				
Advertising, Public Relations	\$ -	\$ 500	120	380
Annual Audit Expenses	3,677	3,677	3,676	1
Bank Charge	100	100	86	14
Bonding/Liability Insurance	3,300	3,500	2,019	1,481
Bldg. Exp.-Cleaning/Maintenance	10,000	-	-	-
Building Expenses-telephone	2,000	12,000	4,201	7,799
Conservation Project Expenses (Acequias)	12,000	12,000	3,300	8,700
Contractual Services	3,000	13,000	673	12,327
Cost Share Expense (Noxious Weeds)	-	10,000	10,000	-
Dues and Subscriptions	2,000	2,000	1,285	715
Education Expense	-	1,500	886	614
Election Expense	-	3,000	-	3,000
Equipment-Machinery/Maintenance	12,000	12,000	5,657	6,343
Fees and Services (Bd. Travel/per diem)	10,000	12,050	8,702	3,348
Furniture/fixtures/Equipment-Office	12,000	3,900	-	3,900
Legal Advertisements	500	-	-	-
Legal Counsel	10,000	8,000	-	8,000
Loan Principal/Interest Payments	15,200	15,300	15,018	282
Mileage	5,000	6,000	2,923	3,077
NNMWBC-Weed Management Area	10,000	-	-	-
Office Supplies	3,500	4,000	3,970	30
Salaries and Benefits/5% COLA	30,000	30,000	26,605	3,395
Postage	2,000	1,500	763	737
Professional Fees (Taxes/Payroll Prep.)	2,000	-	-	-
Taxes	6,000	6,000	4,420	1,580
Training Workshops/Education Expense	8,000	6,500	3,783	2,717
Utilities (gas/water/electricity)	10,000	6,000	3,833	2,167
Grant Thinning Costs	250,000	250,000	239,059	10,941
Grant Administrative Expenses	7,363	7,235	3,958	3,277
Total expenditures	<u>\$ 429,640</u>	<u>\$ 429,762</u>	<u>344,937</u>	<u>84,825</u>
Excess revenues over expenditures			<u>\$ 151,245</u>	<u>\$ 61,522</u>

UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT

Quarterly Cash Report
 FY 2011-2012
 Bank of America

Fund:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	9/30/2011
Checking Account NO: 407040674	\$ 84,070.02	\$ 238,719.91		\$ (275,461.12)	\$ 47,328.81	

Fund:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	12/31/2011
Checking Account NO: 407040674	\$ 47,328.81	\$ 29,481.87		\$ (21,314.39)	\$ 55,496.29	

Fund:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	3/31/2012
Checking Account NO: 407040674	\$ 55,496.29	\$ 44,706.76		\$ (24,559.14)	\$ 75,643.91	

Fund:	Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	6/30/2012
Checking Account NO: 407040674	75,643.91	\$ 22,546.02		\$ (23,602.87)	\$ 74,587.06	

UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT

Quarterly Cash Report
 FY 2011-2012
 Community Bank

Fund:		Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	
Checking Account NO:							9/30/2011
8230111		\$ 76,279.54	\$ 43.91		\$ -	\$ 76,323.45	

Fund:		Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	
Checking Account NO:							12/31/2011
8230111		\$ 76,323.45	\$ 36.71		\$ -	\$ 76,360.16	

Fund:		Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	
Checking Account NO:							3/31/2012
8230111		\$ 76,360.16	\$ 28.48		\$ -	\$ 76,388.64	

Fund:		Cash Balance:	Receipts to Date:	Transfers to Date:	Disbursed to Date:	Cash Balance Quarter Ending:	
Checking Account NO:							6/30/2112
8230111		\$ 76,388.64	\$ 268.53		\$ -	\$ 76,657.17	

UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT
FY 2011-2012 - 4th QUARTERLY REPORT

GENERAL FUND REVENUES	BUDGET	ACTUAL			ACTUAL		YEAR TO DATE
		1st QTR	2nd QTR	3rd QTR	4th QTR	YEAR	
Carry Over	\$ 160,350.00	\$ 160,349.56	\$ -	\$ -	\$ -	\$ 160,349.56	
Mill Levy	\$ 92,500.00	\$ 2,977.33	\$ 27,420.78	\$ 44,231.14	\$ 22,544.28	\$ 97,173.53	
Point System (NMDA)	\$ 8,700.00	\$ 8,393.51	\$ -	\$ 431.71	\$ -	\$ 8,825.22	
Miscellaneous	\$ 500.00	\$ 36.60	\$ 908.14	\$ 42.10	\$ 240.00	\$ 1,226.84	
Interest	\$ 200.00	\$ 45.77	\$ 37.72	\$ 30.29	\$ 30.27	\$ 144.05	
Sub-Total General Fund Revenues	\$ 262,250.00	\$ 171,802.77	\$ 28,366.64	\$ 44,735.24	\$ 22,814.55	\$ 267,719.20	
GRANT REVENUES							
Wild land/Urban Interface and Hazardous							
Sub-Total Grant Revenues	\$ 257,235.00	\$ 227,310.61	\$ 1,151.94	\$ -	\$ -	\$ 228,462.55	
TOTAL REVENUES	\$ 519,485.00	\$ 399,113.38	\$ 29,518.58	\$ 44,735.24	\$ 22,814.55	\$ 496,181.75	

EXPENSES:

CATEGORY	BUDGET AMOUNT	AMENDED AMOUNT	ACTUAL				ACTUAL		YEAR TO DATE	BALANCE
			1ST QTR	2ND QTR	3RD QTR	4TH QTR	ACTUAL	4TH QTR		
Advertising, Public Relations	\$ 500.00		\$ -	\$ 120.52	\$ -	\$ -	\$ -	\$ 120.52	\$ 379.48	
Annual Audit	\$ 3,677.00		\$ 3,308.62	\$ 367.63	\$ -	\$ -	\$ -	\$ 3,676.25	\$ 0.75	
Bank Charge	\$ 100.00		\$ 28.99	\$ 19.00	\$ 29.00	\$ 9.00	\$ -	\$ 85.99	\$ 14.01	
Bonding/Liability Insurance	\$ 3,500.00		\$ 2,019.00	\$ -	\$ -	\$ -	\$ -	\$ 2,019.00	\$ 1,481.00	
Building Expenses - telephone	\$ 12,000.00		\$ 951.52	\$ 625.17	\$ 962.87	\$ 1,664.54	\$ -	\$ 4,204.10	\$ 7,795.90	
Conservation Project Expenses (Acequia, Etc)	\$ 12,000.00		\$ 800.00	\$ 2,000.00	\$ -	\$ 500.00	\$ -	\$ 3,300.00	\$ 8,700.00	
Contractual Services	\$ 13,000.00		\$ 285.72	\$ 135.57	\$ 161.85	\$ 90.38	\$ -	\$ 673.52	\$ 12,326.48	
Cost Share Expense (Noxious Weeds)	\$ 10,000.00		\$ 5,000.00	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 10,000.00	\$ -	
Dues and Subscriptions	\$ 2,000.00		\$ 1,275.00	\$ -	\$ 10.00	\$ -	\$ -	\$ 1,285.00	\$ 715.00	
Education Expense	\$ 1,500.00		\$ 634.40	\$ 176.58	\$ -	\$ 75.00	\$ -	\$ 885.98	\$ 614.02	
Election Expense	\$ 3,000.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00	
Equipment - Machinery/Maintenance	\$ 12,000.00		\$ 123.23	\$ -	\$ 339.97	\$ 5,193.51	\$ -	\$ 5,656.71	\$ 6,343.29	
Fees and Services (Board travel and per diem)	\$ 12,050.00		\$ 2,185.00	\$ 1,900.00	\$ 2,622.02	\$ 1,995.00	\$ -	\$ 8,702.02	\$ 3,347.98	

UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT
FY 2011-2012 - 4th QUARTERLY REPORT

EXPENSES: CATEGORY	BUDGET AMOUNT	AMENDED		ACTUAL		ACTUAL		YEAR TO DATE	BALANCE
		BUDGET	1st QTR	2nd QTR	4th QTR				
Furniture/fixtures/Office Equipment	\$ 3,900.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900.00
Legal Counsel	\$ 8,000.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000.00
Mileage	\$ 6,000.00		\$ 1,576.00	\$ 433.00	\$ 686.00	\$ 272.00	\$ 2,967.00	\$ 2,967.00	\$ 3,033.00
Office Supplies	\$ 4,000.00		\$ 791.75	\$ 782.23	\$ 1,350.90	\$ 1,044.67	\$ 3,969.55	\$ 3,969.55	\$ 30.45
Personnel Services, Salaries including Benefits	\$ 30,000.00		\$ 6,117.43	\$ 6,298.03	\$ 7,411.81	\$ 6,777.72	\$ 26,604.99	\$ 26,604.99	\$ 3,395.01
Postage	\$ 1,500.00		\$ 330.85	\$ 116.27	\$ 193.00	\$ 123.00	\$ 763.12	\$ 763.12	\$ 736.88
Taxes	\$ 6,000.00		\$ 1,230.32	\$ 1,089.55	\$ 969.00	\$ 1,131.05	\$ 4,419.92	\$ 4,419.92	\$ 1,580.08
Training and Workshops	\$ 6,500.00		\$ 2,200.00	\$ 1,085.80	\$ -	\$ 497.00	\$ 3,782.80	\$ 3,782.80	\$ 2,717.20
Utilities (propane, electricity, etc.)	\$ 6,000.00		\$ 370.84	\$ 1,871.71	\$ 1,115.25	\$ 475.74	\$ 3,833.54	\$ 3,833.54	\$ 2,166.46
Other Expenditures									
Loan Principal/Interest Payments	\$ 15,300.00		\$ 3,754.50	\$ 3,754.50	\$ 3,754.50	\$ 3,754.26	\$ 15,017.76	\$ 15,017.76	\$ 282.24
Grant Expenditures									
Thinning Costs	\$ 250,000.00		\$ 239,059.00	\$ -	\$ -	\$ -	\$ 239,059.00	\$ 239,059.00	\$ 10,941.00
Administrative Expenses:	\$ 7,235.00		\$ 3,418.95	\$ 538.63	\$ -	\$ -	\$ 3,957.58	\$ 3,957.58	\$ 3,277.42
Board (\$2,705.18)									
Personnel (\$1,252.40)									
TOTAL EXPENDITURES:	\$ 429,762.00		\$ 275,461.12	\$ 21,314.19	\$ 24,606.17	\$ 23,602.87	\$ 344,984.35	\$ 344,984.35	\$ 84,777.65

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

**Schedule of Findings and Responses
Year Ended June 30, 2012**

	<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, 2012**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on October 6, 2012 with the following in attendance:

Upper Chama Soil and Water Conservation District

J. Agapito Candelaria, Board President
Jo Ann N. Valdez, District Manager

Accounting Firm

James R. (Jim) Macias, CPA