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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, 2014

**STATE OF NEW MEXICO**

**UPPER CHAMA SOIL AND WATER  
CONSERVATION DISTRICT**

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

**Year Ended June 30, 2014**

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

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June 30, 2014**

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

**Official Roster  
at June 30, 2014**

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<u>Name</u>		<u>Title</u>
<b><u>Board of Supervisors</u></b>		
Horace Leyba		Chairman
Eloy Olivas		Vice-Chairman
Lorrie A. V. Leyba		Secretary/Treasurer
Gilbert Garcia		Supervisor
J. Agapito Candelaria		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: Horace Leyba, 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, 2014, 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, 2014 cash balances to the revised 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) 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 eight (8) deposits (82% of total revenue) from a total of 20 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.

#### **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) We requested supporting documentation for thirty (30) disbursements (26% of total expenses) out of a total of 278 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 ).

#### **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 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 2014 to DFA-LGD which is included herein (Exhibit C).

### **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 the NM 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 22, 2014

**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, 2014**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Mill Levy	\$ 96,000	\$ 96,000	\$ 108,156	\$ 12,156
Point System	8,000	8,000	12,907	4,907
Miscellaneous (reimbursements)	250	250	709	459
Interest	150	150	181	31
Total revenues	104,400	104,400	121,953	17,553
Cash balance budgeted	169,422	169,422	169,422	-
Total revenues and cash balance budgeted	<u>\$ 273,822</u>	<u>\$ 273,822</u>	<u>291,375</u>	<u>17,553</u>
<b>Expenditures:</b>				
Advertising, Public Relations	\$ 1,000	\$ 1,000	160	840
Annual Audit Expenses	3,800	3,800	3,679	121
Bank Charge	90	90	10	80
Bonding/Liability Insurance	2,500	2,500	2,154	346
Conservation Project Expenses (Acequias)	7,000	7,000	585	6,415
Contractual Services	15,000	15,000	1,042	13,958
Cost Share Expense (Noxious Weeds)	10,000	10,000	10,000	-
Dues and Board Fees	1,400	1,400	1,260	140
Education Expense/Training Workshops	14,500	14,500	7,703	6,797
Election Expense	100	100	-	100
Equipment-Machinery/Maintenance	5,000	5,000	4,972	28
Fees and Services (Bd. Travel/per diem)	11,000	11,000	7,859	3,141
Furniture/fixtures/Equipment-Office	5,000	5,000	-	5,000
Legal Counsel	8,000	8,000	-	8,000
Building Expenses/Loan Payment	36,000	36,000	26,435	9,565
Mileage and Per Diem	5,000	5,000	3,937	1,063
Office Expense	3,500	3,500	2,279	1,221
Salaries and Benefits	35,000	35,000	31,086	3,914
Postage	1,500	1,500	891	609
GRT Taxes	6,000	6,000	5,585	415
Utilities (gas/water/electricity)	6,000	6,000	4,625	1,375
Total expenditures	<u>\$ 177,390</u>	<u>\$ 177,390</u>	<u>114,262</u>	<u>63,128</u>
Excess revenues over expenditures			<u>\$ 177,113</u>	<u>\$ 80,681</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.

*Jo Ann N. Valdez, District Manager*

REVISED 4TH QUARTER REPORT

S.W.C.D.: UPPER CHAMA

Period Ending: 06/30/14

YEAR TO DATE T R A N S A C T I O N S P E R B O O K S Q U A R T E R L Y R E P O R T

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2013 (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	169,422.12	121,953.00	-	114,262.46	177,112.66	97.54			177,210.20	177,210.20	-
218	INTERGOVERNMENTAL GRANTS	-		-	-	-						
299	OTHER	-	-	-		-				-		-
400	DEBT SERVICE	-	-	-	-	-				-		-
	<b>GRAND TOTAL</b>	169,422.12	121,953.00	-	114,262.46	177,112.66	97.54	-	-	177,210.20	177,210.20	-

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

**\*USER NOTES: (Please describe what any reserve requirements are used for).**

Operating

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SWCD: Upper Chama  
UPPER CHAMA

Period Ending: 6/30/2014

	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>REVENUES</b>				
<b>General Fund 101</b>				
Property Tax - Current Year	24,836.95	108,156.29	96,000.00	1.13
Property Tax - Delinquent				#DIV/0!
Property Tax - Penalty & Interest				#DIV/0!
Oil and Gas - Equipment				#DIV/0!
Oil and Gas - Production				#DIV/0!
Total Interest income From Bank Accounts and CDs	46.06	180.85	150.00	1.21
Hazardous Fuels Income	-	-	-	#DIV/0!
Grass Seed and or Tree Sales	-	-	-	#DIV/0!
Book Sales	-	-	-	#DIV/0!
Rent Revenue	-	-	-	#DIV/0!
Brush Control Materials	-	-	-	#DIV/0!
Noxious Weed Program	-	-	-	#DIV/0!
Conservation Sale Items	-	-	-	#DIV/0!
State Allotments				#DIV/0!
Miscellaneous	255.00	708.95	250.00	2.84
Point System	645.35	12,906.91	8,000.00	1.61
	25,783.36	121,953.00	104,400.00	
<b>TOTAL GENERAL FUND REVENUES</b>				
<b>Intergovernmental Grants 218</b>				
University Grants	-			#DIV/0!
Federal Grants	-			#DIV/0!
State Grants	-			#DIV/0!
Local Grants	-			#DIV/0!
Private Grants	-			#DIV/0!
Legislative Funding	-			#DIV/0!
Miscellaneous	-			n/a
<b>TOTAL GRANT REVENUES</b>				
<b>Other 299</b>				
Contract Services	-	-	-	#DIV/0!
Educational Income	-	-	-	#DIV/0!
Charges for Services	-	-	-	#DIV/0!
Capital Outlay Funded	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Emergency Watershed Protection Program	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Project Expenses Income	-	-	-	#DIV/0!
Silent Auctions	-	-	-	#DIV/0!
Miscellaneous	-	-	-	#DIV/0!
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-	
<b>TOTAL OTHER 299</b>				
<b>Debt Service 400</b>				
<b>General Obligation Bonds</b>				
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
<b>Revenue Bonds</b>				
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRT	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
<b>Miscellaneous (NMFA, BOF, etc.)</b>				
Investment Income	-	-	-	#DIV/0!
Loan Revenue	-	-	-	
<b>TOTAL DEBT SERVICE REVENUES</b>	25,783.36	121,953.00	104,400.00	
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>				

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

SWCD: Upper Chama  
UPPER CHAMA

Period Ending: 06/30/214

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>GENERAL FUND 101</b>				
Personnel Services, Salaries including Benefits	7,566.47	31,086.13	35,000.00	0.89
GRT Taxes	396.72	5,585.26	6,000.00	0.93
Mileage and Per Diem	827.61	3,937.18	5,000.00	0.79
Fees and Services Expenses	1,882.19	7,858.74	11,000.00	0.71
Office Expense	117.26	2,279.07	3,500.00	0.65
Building Expenses/Loan Payment	4,274.86	26,435.08	36,000.00	0.73
Legal Counsel	-	-	8,000.00	-
Election Expense	-	-	100.00	-
Education expense Training and Workshops	315.22	7,703.10	14,500.00	0.53
Bank Charge	-	10.20	90.00	0.11
Advertising, Public Relations (e.g. newsletter)	-	160.23	1,000.00	0.16
Annual Audit Expenses	-	3,678.38	3,800.00	0.97
Dues and Board Fees	-	1,260.00	1,400.00	0.90
Furniture/fixture/Office Equipment	-	-	5,000.00	-
Postage Expense	193.00	891.00	1,500.00	0.59
Cost Sharing Expense	5,000.00	10,000.00	10,000.00	1.00
Conservation Projects	462.15	585.00	7,000.00	0.08
Insurance Bonding and Liability	-	2,154.00	2,500.00	0.86
Contractual Services Expenses	578.83	1,041.86	15,000.00	0.07
Utilities (Electricity, Propane, Sewer, telephone)	862.07	4,625.35	6,000.00	0.77
Equipment and machinery)	2,766.63	4,971.88	5,000.00	0.99
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>25,243.01</b>	<b>114,262.46</b>	<b>177,390.00</b>	<b>0.64</b>
<b>Intergovernmental Grants Expenditures 218</b>				
University Grants	-	-	-	#DIV/0!
Federal Grants	-	-	-	#DIV/0!
State Grants	-	-	-	#DIV/0!
Local Grants	-	-	-	#DIV/0!
Private Grants	-	-	-	#DIV/0!
Legislative Funding	-	-	-	#DIV/0!
Other	-	-	-	#DIV/0!
<b>Total Grant Expenditures</b>				
<b>Other Expenditures 299</b>				
Loan Payments	-	-	-	#DIV/0!
Capital Outlay Expenses/Capital Projects	-	-	-	#DIV/0!
Conservation and Environmental Control Expenses				#DIV/0!
Bonding/Liability Insurance				#DIV/0!
All Other Insurance				#DIV/0!
Loan Program Expenses Including Loan Repayments				#DIV/0!
Miscellaneous Expenses				#DIV/0!
Other Fund 299 FROM DETAIL PAGE TAB				#DIV/0!
<b>Total Other Expenditures</b>				#DIV/0!
<b>Debt Service 400</b>				
Bond Payments Principal	-	-	-	#DIV/0!
Bond Payments- Interest	-	-	-	#DIV/0!
Other Debt Service	-	-	-	#DIV/0!
<b>Total Debt Service Expenditures</b>	-	-	-	#DIV/0!
<b>TOTAL EXPENDITURES Current Quarter</b>	<b>25,243.01</b>	<b>114,262.46</b>	<b>177,390.00</b>	

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, 2014**

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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> Payments to Board Members	D	2013-1	Resolved

**\* 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, 2014**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on October 3, 2014 with the following in attendance:

Upper Chama Soil and Water Conservation District

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

Accounting Firm

James R. (Jim) Macias, CPA