

STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION
DISTRICT

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES REPORT

YEAR ENDED JUNE 30, 2017

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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

June 30, 2017

Name

Title

Board of Directors

Horace Leyba

Chairman

Eloy Olivas

Vice-chairman

Frank Martinez

Secretary/Treasurer

J. Agapito Candelaria

Supervisor

Lorrie A. V. Leyba

Supervisor

Staff

Jo Ann Valdez

District Manager

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1744
Española, New Mexico 87532
Phone/Fax 505-747-2775

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

Horace Leyba, Chairman
Upper Chama Soil and Water Conservation 'District
and
Honorable Tim Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Upper Chama Soil and Water Conservation District(District) for the year ended June 30, 2017. The District was determined to be a Tier 4 entity under the Audit Act Section 12-6-3 (B) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The Upper Chama Soil and Water Conservation District management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the America 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 representations regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

Procedures

1. Verify the local public body's revenue calculation and tier determination documentation on the form provided at www.osa.org under "Tiered System Reporting Main Page"

Finding

We verified the District's revenue calculation and tier determination. No exceptions noted.

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) Test at least 30% of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reporting submitted to DFA-Local Government Division.
- c) Determine whether the local public body's financial institution have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA1978, NM Public Money Act, if applicable.

Findings

- a) The District has two bank accounts (operating and reserve account). Bank statements and bank reconciliations were available for the two accounts for the entire year. Determined that bank reconciliations are being performed in a timely manner.
- b) We tested 30% of the of bank reconciliations for accuracy for the months of June 2017, March 2017, September 2016 and December 2016 and trace the cash balances to the financial records and financial reports submitted to DFA-Local Government Division. No exceptions noted.
- c) The bank accounts had FDIC coverage of \$250,000. The bank accounts never exceeded the uninsured limits and, therefore, pledged collateral was not required on the bank account at any time during the year.

3. 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 District performed a yearly inventory as required by state statute. No exceptions noted.

4. Revenues

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 equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statements.
- c) Proper recording of classification, amounts, 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) Traced 17 deposits (approximately 99% of the total revenues) on the district's financial records and agreed to the supporting documentation (deposit slips and bank statements). No exceptions noted.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period on the District's general ledger. We traced all deposits for property taxes from the county treasurer's notification of taxes distributed, the allotment from New Mexico State University and the Non Federal Lands grant which is approximately 99% of the total revenues to the District's financial records and bank statements. No exceptions noted.

5. Expenditures

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test 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 canceled 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 order, contracts and agreements were processed in accordance with the New Mexico Procurement Code Section 13-1-28 through 13-1-199 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) Our test of 37 transactions for approximately 74% of the total expenditure amount for the fiscal year revealed that amounts recorded as disbursed agreed to the supporting documentation. The documentation agrees as to amount, payee, date and description agree to the vendor's invoice.
- b) District disbursements were authorized disbursements for the operations of the District and approved in compliance with budget, legal requirements and established policies and procedures.
- c) District maintained documentation for all its purchases to demonstrate compliance with the bid process (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 purchase regulations.

6. Journal Entries

Procedures

Test all non-routine journal entries, adjustment and reclassification posted to the general ledger, for the following attribute:

- 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 District maintained its financial records (Quicken) on a cash basis. The District did not post any journal entries to adjust or reclassify any of its receipt or disbursements.

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 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 whether 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, actual or modified accrual basis) for each individual fund.

Findings

- a) The District prepared and submitted an approved budget by the District for approval to DFA-LGD for the year ended June 30, 2017. There were no subsequent budget adjustments.
- b) Determined that total actual expenditures did exceed the final budget at the legal level of budgetary control for the District. (See finding 2017-001)
- c) A schedule of revenues and expenditures was prepared from the District's records on a cash budgetary basis. This schedule is included herein as Exhibit A. The District submitted quarterly report to DFA-LGD for the fiscal year.

Other

Procedures

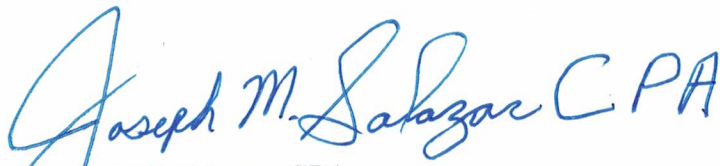
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The finding must include the required contents per Section 2.2.2.1-(1) (3) (C) NMAC.

Findings

No exceptions or information were noted as a result of applying the procedures described above (regardless of materiality) indicating fraud or illegal acts. However, see the Schedule of Findings and Responses related to over expended budget (See finding 2017-001).

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion in accordance with AT-C 215.35. 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, DFA-Local Government Division and Legislative Finance Committee and is not intended to be and should not be used by anyone other than those specified parties.



Joseph M. Salazar, CPA
September 8, 2017

STATE OF NEW MEXICO **Exhibit A**
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE REVENUE AND EXPENDITURES- BUDGET AND ACTUAL (CASH BASIS)
FOR YEAR ENDED June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 100,000	\$ 100,000	\$ 118,464	\$ 18,464
Point system	8,000	8,000	13,699	5,699
State grant revenue	400	400	160,158	159,758
Bank interest earned	57	57	57	-
Total revenues	<u>108,457</u>	<u>108,457</u>	<u>292,378</u>	<u>183,921</u>
Cash balance budgeted	<u>50,643</u>	<u>50,643</u>		
Total revenues and cash balance budgeted	<u>\$ 159,100</u>	<u>\$ 159,100</u>	<u>\$ 292,378</u>	<u>\$ 133,278</u>
EXPENDITURES				
Advertising	\$ 1,000	\$ 1,000	\$ 124	\$ 876
Audit	4,100	4,100	3,908	192
Building expense	10,000	10,000	1,988	8,012
Conservation projects	12,000	12,000	350	11,650
Cost-share (noxious weeds)	15,000	15,000	15,000	-
Dues and subscriptions	1,100	1,100	1,000	100
Education	4,000	4,000	2,797	1,203
Equipment machinery and maintenance	1,500	1,500	332	1,168
Election expense	2,000	2,000	139	1,861
Fees and services- board	10,000	10,000	8,547	1,453
Insurance (building/bond/liability)	3,100	3,100	3,395	(295)
Loan and interest payment	15,500	15,500	15,018	482
Mileage and per diem	5,000	5,000	3,339	1,661
Office supplies	5,000	5,000	1,116	3,884
Health insurance	6,500	6,500	6,441	59
Legal council	5,000	5,000	-	5,000
Personnel services, salaries	33,000	33,000	29,228	3,772
Postage expense	1,500	1,500	1,312	188
Professional services, salaries	8,000	8,000	682	7,318
Taxes	9,000	9,000	7,292	1,708
Utilities (electricity, propane,telephone trasl	6,800	6,800	6,821	(21)
Miscellaneous	-	-	143,100	(143,100)
Total expenditures	<u>159,100</u>	<u>159,100</u>	<u>251,929</u>	<u>(92,829)</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,449</u>	<u>\$ 40,449</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 Valdez, District Manager

Soil and Water Conservation District: Upper Chama
 Period Ending: 06/30/17

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2016 (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	\$ 127,353.74	\$ 292,377.65	-	\$ 251,929.26	\$ 167,802.13				\$ 167,802.13	\$ 167,802.13	
218	INTERGOVERNMENTAL GRANTS											
299	OTHER											
400	DEBT SERVICE											
	GRAND TOTAL	\$ 127,353.74	\$ 292,377.65	\$ -	\$ 251,929.26	\$ 167,802.13		\$ -	\$ -	\$ 167,802.13	\$ 167,802.13	

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: 6/30/2017

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Total Property Tax Production To Date	\$ 26,797.41	\$ 118,464.24	\$ 100,000.00	\$ 1.18
Total Interest From Bank Accounts and CDs	\$ 17.28	\$ 56.95	\$ 56.95	\$ 1.00
Hazardous Fuels Income	\$ -	\$ -	\$ -	
Grass Seed and or Tree Sales	\$ -	\$ -	\$ -	
Book Sales	\$ -	\$ -	\$ -	
Rent Revenue	\$ -	\$ -	\$ -	
Brush Control Materials	\$ -	\$ -	\$ -	
Noxious Weed Program	\$ -	\$ -	\$ -	
Conservation Sale Items	\$ -	\$ -	\$ -	
Miscellaneous	\$ 58,500.50	\$ 160,157.50	\$ 400.00	\$ 400.39
Point System	\$ 7,209.98	\$ 13,698.96	\$ 8,000.00	
	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
TOTAL GENERAL FUND REVENUES	\$ 92,525.17	\$ 292,377.65	\$ 108,456.95	\$ 2.70
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	0	0	0	
General Obligation - (Property Tax)	0	0	0	
Investment Income	0	0	0	
Other - Misc	0	0	0	
Revenue Bonds	0	0	0	
Bond Proceeds	0	0	0	
Revenue Bonds - GRT	0	0	0	
Investment Income	0	0	0	
Revenue Bonds - Other	0	0	0	
Miscellaneous (NMFA, BOF, etc.)	0	0	0	
Investment Income	0	0	0	
Loan Revenue	0	0	0	
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	
GRAND TOTALS REVENUES- CURRENT QTR	\$ 92,525.17	\$ 292,377.65	\$ 108,456.95	\$ 2.70

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: 6/30/2017

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Advertising	\$ -	\$ 123.98	\$ 1,000.00	0.12398
Audit	\$ -	\$ 3,908.26	\$ 4,100.00	0.95323415
Building Expense	\$ 50.32	\$ 1,988.35	\$ 10,000.00	0.198835
Conservation Projects	\$ -	\$ 350.00	\$ 12,000.00	0.02916667
Cost-share (Noxious Weeds)	\$ -	\$ 15,000.00	\$ 15,000.00	1
Dues and Subscriptions	\$ -	\$ 1,000.00	\$ 1,100.00	0.90909091
Education	\$ 350.00	\$ 2,797.17	\$ 4,000.00	0.6992925
Equipment Machinery and Maintenance	\$ 77.12	\$ 332.48	\$ 1,500.00	0.22165333
Election Expense	\$ -	\$ 138.53	\$ 2,000.00	0.069265
Fees and services - Board	\$ 2,561.98	\$ 8,546.60	\$ 10,000.00	0.85466
Insurance (Building/Bond/Liability)	\$ -	\$ 3,395.00	\$ 3,100.00	1.09516129
Loan and Interest Payment	\$ 3,754.37	\$ 15,017.42	\$ 15,500.00	0.96886581
Mileage and Per Diem	\$ 872.36	\$ 3,339.42	\$ 5,000.00	0.667884
Office Supplies	\$ 290.49	\$ 1,115.44	\$ 5,000.00	0.223088
Health Insurance	\$ 1,610.28	\$ 6,441.12	\$ 6,500.00	0.99094154
Legal Council	\$ -	\$ -	\$ 5,000.00	0
Personnel Services, Salaries including COLA	\$ 8,076.56	\$ 29,228.17	\$ 33,000.00	0.88570212
Postage Expense	\$ 685.21	\$ 1,312.21	\$ 1,500.00	0.87480667
Professional Fees/Contractual Services	\$ 167.16	\$ 682.30	\$ 8,000.00	0.0852875
Taxes	\$ 1,650.33	\$ 7,292.23	\$ 9,000.00	0.81024778
Utilities, (electricity, propane, telephone, trash)	\$ 1,357.13	\$ 6,820.58	\$ 6,800.00	1.00302647
Misc. NFL	\$ 51,975.00	\$ 143,100.00	\$ -	
			\$ -	
Total General Fund Expenditures	\$ 73,478.31	\$ 251,929.26	\$ 159,100.00	1.58346486
Intergovernmental Grants Expenditures 218				
State or University Grants	\$ -	\$ -	\$ -	
Federal Grants	\$ -	\$ -	\$ -	
NFL Grant			\$ -	
Local Grants	\$ -	\$ -	\$ -	
Private Grants	\$ -	\$ -	\$ -	
Legislative Funding	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Total Grant Expenditures	\$ -	\$ -	\$ -	
Other Expenditures 299				
Loan Payments	\$ -	\$ -	\$ -	
Capital Outlay Expenses/Capital Projects	\$ -	\$ -	\$ -	
Conservation and Environmental Control Expenses	\$ -	\$ -	\$ -	
Bonding	\$ -	\$ -	\$ -	
All Other Insurance	\$ -	\$ -	\$ -	
Loan Program Expenses including Loan Repayments	\$ -	\$ -	\$ -	
Miscellaneous Expenses	\$ -	\$ -	\$ -	
OTHER FUND 299 FROM DETAIL TAB	\$ -	\$ -	\$ -	
Total Other Expenditures	\$ -	\$ -	\$ -	
Debt Service 400				
Bond Payments Principal	\$ -	\$ -	\$ -	
Bond Payments- Interest	\$ -	\$ -	\$ -	
Other Debt Service	\$ -	\$ -	\$ -	
Total Debt Service Expenditures	\$ -	\$ -	\$ -	
TOTAL EXPENDITURES Current Quarter	\$ 73,478.31	\$ 251,929.26	\$ 159,100.00	\$ 1.58

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 DECEMBER 31, 2017

Current Year Finding

2017-001 Budget Over Expended
Criteria

New Mexico State Statute 6-6-6 pertaining to approved budgets; claims or warrants in excess of budget; liability. When any budget states for a local public body has been approved and received by a local public body it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check in excess thereof, and the allowances or claims or checks so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks and recovery for the excess amounts so allowed or paid may be had against the bondsmen of the officials.

Condition

The District is in violation of New Mexico State Statute 6-6-6 pertain to the budget being over expended. The Association over expended its expenditure budget by approximately \$92,829 at the fund level.

Cause

The District did not adjust its budget during the fiscal year when the District received a grant and did not increase its budget. Lack of oversight of its expenditures as compared to budget on a timely basis allowed the District to over expend its budget.

Effect

The District is in violation of New Mexico State Statute.

Recommendation

Recommend that the District comply with New Mexico State Statute 6-6-6 NMSA 1978 Compilation and review its revenues and expenditures on a monthly or quarterly basis and adjust its budget expenditures and control its expenditures to avoid over expending it budget.

Entity Response

The District received a grant during the fiscal year but did not budget the grant. The District Manager and Board will review its quarterly reports and will adjust its budget accordingly to avoid the budget being over expended in future fiscal years.

STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT
Status of Prior Year Findings
YEAR ENDED JUNE 30, 2017

No prior year findings.

STATE OF NEW MEXICO
UPPER CHAMA SOIL AND WATER CONSERVATION DISTRICT

Exit Conference

YEAR ENDED JUNE 30, 2017

Exit Conference

The report contents were discussed at an exit conference held September 8, 2017 with the following in attendance:

Upper Chama Soil and Water Conservation District

Horace Leyba, Board Chairman

Frankie Martinez, Secretary/Treasurer

Jo Ann N, Valdez, District Manager

Accounting Firm

Joseph M. Salazar, CPA