



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TIERRA AMARILLA, NEW MEXICO

STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

Independent Accountants' Report on Applying
Agreed-Upon Procedures – Tier 4

Year Ended June 30, 2019

STATE OF NEW MEXICO

**UPPER CHAMA SOIL AND WATER
CONSERVATION DISTRICT**

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Agreed-Upon Procedures – Tier 4**

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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
at June 30, 2019

<u>Name</u>	<u>Title</u>
<u>Board of Supervisors</u>	
Horace Leyba	Chairman
Eloy Olivas	Vice-Chairman
Lorrie A. V. Leyba	Secretary/Treasurer
J. Agapito Candelaria	Supervisor
Frank Martinez	Supervisor
<u>Staff</u>	
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 – TIER 4

To: J. Agapito Candelaria, Chairman
Upper Chama Soil and Water Conservation District #8043
and
Brian S. Colón, Esq.
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Upper Chama Soil and Water Conservation District (UCSWCD) and the Office of the State Auditor on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the UCSWCD. The UCSWCD is responsible for the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other as of and for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the UCSWCD. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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 the associated findings are as follows:

1. Before beginning the procedures below, the IPA must verify the local public body's revenue calculation and tier determination using the form provided at www.osanm.org under "Financial Audits" and "What IPA Services are Required."

Results of Procedures Performed

We verified UCSWCD's revenue calculation and tier determination. UCSWCD's cash basis revenue was between the **Tier 4** lower and upper limits and had no state capital outlay.

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 the 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.

Results of Procedures Performed

- a) The UCSWCD has two bank accounts (one operating account and one reserve account) in two different financial institutions and utilizes Quicken to record cash 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 33% of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the June 30, 2019 cash balances to the quarterly financial report submitted to DFA-LGD (Exhibit B), without exception.
- c) Except as noted below, bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on either bank account. One bank account exceeded the \$250,000 insured balance in the amount of \$34,347.18 for five days in October 2018 due to a large deposit on October 25, 2018. The funds were disbursed five day later on October 30, 2018, to reduce the balance under the \$250,000 insured limit.

3. Capital Assets

Procedures

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

Results of Procedures Performed

The UCSWCD performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

4. 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.

Results of Procedures Performed

- 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 thirteen (13) deposits (97% of total revenue) from a total of 48 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.

5. 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).

Results of Procedures Performed

- a) We requested supporting documentation for twenty-five (25) disbursements (46% of total expenses) out of a total of 277 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).

6. Journal Entries

Procedures

Test all non-routine journal entries, adjustments and reclassifications posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.

- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures Performed

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

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 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.

Results of Procedures Performed

- 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.
- 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 year-end Budget to Actual Report for FY 2019 to DFA-LGD which is included herein (Exhibit C).

8. 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.

Results of Procedures Performed

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.

* * * * *

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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, respectively, on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other of the Upper Chama Soil and Water Conservation District for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the AMDWCA. Accordingly, we do not express such an opinion or conclusion. 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 New Mexico 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 25, 2019

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, 2019

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Mill Levy	\$ 105,000	\$ 105,000	\$ 121,864	\$ 16,864
Point System	9,500	9,500	14,095	4,595
Miscellaneous (reimbursements)	200	200	1,161	961
NFL (Non-Federal Lands) Grant	225,000	254,469	254,469	-
Interest	65	65	119	54
	<u>339,765</u>	<u>369,234</u>	<u>391,708</u>	<u>22,474</u>
Total revenues	339,765	369,234	391,708	22,474
Cash balance budgeted	190,464	190,464	190,464	-
Total revenues and cash balance budgeted	<u>\$ 530,229</u>	<u>\$ 559,698</u>	<u>582,172</u>	<u>22,474</u>
Expenditures:				
Advertising, Public Relations	\$ 400	\$ 400	122	278
Annual Audit Expenses	4,100	4,100	3,941	159
Building Expense	3,500	3,500	984	2,516
Bonding/Liability Insurance	5,000	5,000	4,058	942
Conservation Project Expenses (Acequias)	2,000	2,000	-	2,000
Contractual Services	1,000	1,000	899	101
Cost Share Expense (Noxious Weeds)	10,000	10,000	10,000	-
Dues and Subscriptions	1,000	1,000	1,000	-
Education Expense/Training Workshops	6,500	6,500	3,627	2,873
Health Insurance	6,800	6,800	6,757	43
Equipment-Machinery/Maintenance	1,000	1,000	1,187	(187)
Election Expense	500	500	250	250
Fees and Services (Bd. Travel/per diem)	9,500	9,500	7,479	2,021
Legal Counsel	1,000	1,000	-	1,000
Loan Payments	15,200	15,200	15,018	182
Mileage and Per Diem	7,000	7,000	1,469	5,531
Office Expense	4,000	4,000	1,257	2,743
Salaries and Benefits	33,000	33,000	29,088	3,912
NFL Grant Project	200,000	227,625	227,625	-
Postage	1,300	1,300	688	612
GRT Taxes	8,500	8,500	7,306	1,194
Utilities (gas/water/electricity)	7,500	7,500	8,309	(809)
	<u>\$ 328,800</u>	<u>\$ 356,425</u>	<u>331,064</u>	<u>25,361</u>
Total expenditures	\$ 328,800	\$ 356,425	331,064	25,361
Excess revenues over expenditures			<u>\$ 251,108</u>	<u>\$ 47,835</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION (DEA)
 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: 6/30/2019 (4th Qtr.)

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2017 (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	\$ 201,197.28	\$ 137,239.05	- \$	103,438.98	\$ 262,090.74	\$ 93.04	(25.00)	\$ -	\$ 262,158.78	262,158.78	
218	INTERGOVERNMENTAL GRANTS		\$ 254,469.17	- \$	227,625.00							
299	OTHER											
400	DEBT SERVICE											
	GRAND TOTAL	\$ 201,197.28	\$ 391,708.22	- \$	331,063.98	\$ 262,090.74		\$ (25.00)	\$ -	\$ 262,158.78	262,158.78	

NOTE: DETAIL PAGES will complete the Recap except for Cash Per Books on July 1.

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

* Washington Federal - 196,897.68 - New Mexico Bank and Trust - \$65,193.06

SWCD:
Upper Chama

Period Ending: 6/30/2019

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Total Property Tax Production To Date	\$ 27,130.50	\$ 121,863.86	\$ 105,000.00	\$ 1.16
Total Interest From Bank Accounts and CDs	\$ 32.60	\$ 119.59	\$ 65.00	\$ 1.84
Hazardous Fuels Income	\$ -	\$ -	\$ -	
Grass Seed and or Tree Sales	\$ -	\$ -	\$ -	
Book Sales	\$ -	\$ -	\$ -	
Rent Revenue	\$ -	\$ -	\$ -	
Brush Control Materials	\$ -	\$ -	\$ -	
Noxious Weed Program	\$ -	\$ -	\$ -	
Conservation Sale Items	\$ -	\$ -	\$ -	
Miscellaneous	\$ 235.00	\$ 1,160.81	\$ 200.00	\$ 5.80
Point System	\$ -	\$ 14,094.79	\$ 9,500.00	\$ 1.48
	\$ -	\$ -	\$ -	
TOTAL GENERAL FUND REVENUES	\$ 27,398.10	\$ 137,239.05	\$ 114,765.00	\$ 1.20
Intergovernmental Grants 218				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grant (NFL)	\$ 25,933.09	\$ 254,469.17	\$ 254,469.00	1.000000668
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Miscellaneous (e.g. NMDA)	0	0	0	
TOTAL GRANT REVENUES	\$ 25,933.09	\$ 254,469.17	\$ 254,469.00	1.000000668
Other 299				
Contract Services	0	0	0	
Educational Income	0	0	0	
Charges for Services	0	0	0	
Capital Outlay Funded	0	0	0	
Project Income-Conservation & Environmental	0	0	0	
Emergency Watershed Protection Program	0	0	0	
Project Income - Reloan Program	0	0	0	
Project Expenses Income	0	0	0	
Silent Auctions	0	0	0	
Miscellaneous	0	0	0	
OTHER FUND 299 FROM DETAIL TAB	0	0	0	
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	\$ 53,331.19	\$ 391,708.22	\$ 369,234.00	\$ 1.06

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: 6/30/2019

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Advertising	\$ -	\$ 122.12	\$ 400.00	0.3053
Audit	\$ -	\$ 3,941.00	\$ 4,100.00	0.96121951
Building Expense	\$ 192.84	\$ 983.93	\$ 3,500.00	0.28112286
Conservation Projects	\$ -	\$ -	\$ 2,000.00	0
Cost-share (Noxious Weeds)	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	1
Dues and Subcriptions	\$ -	\$ 1,000.00	\$ 1,000.00	1
Education	\$ -	\$ 3,627.03	\$ 6,500.00	0.55800462
Equipment Machinery and Maintenance	\$ 1,187.30	\$ 1,187.30	\$ 1,000.00	1.1873
Election Expense	\$ -	\$ 250.00	\$ 500.00	0.5
Fees and services - Board	\$ 1,746.81	\$ 7,479.06	\$ 9,500.00	0.78726947
Insurance (Building/Bond/Liability)	\$ -	\$ 4,058.00	\$ 5,000.00	0.8116
Loan and Interest Payment	\$ 3,754.25	\$ 15,017.66	\$ 15,200.00	0.98800395
Mileage and Per Diem	\$ 662.74	\$ 1,468.93	\$ 7,000.00	0.20984714
Office Supplies	\$ 91.70	\$ 1,257.08	\$ 4,000.00	0.31427
Health Insurance	\$ 1,689.15	\$ 6,756.60	\$ 6,800.00	0.99361765
Legal Council	\$ -	\$ -	\$ 1,000.00	0
Personnel Services, Salaries including COLA	\$ 7,664.51	\$ 29,087.88	\$ 33,000.00	0.88145091
Postage Expense	\$ 131.20	\$ 688.34	\$ 1,300.00	0.52949231
Professional Fees/Contractual Services	\$ 217.62	\$ 898.88	\$ 1,000.00	0.89888
Taxes	\$ 1,829.50	\$ 7,306.39	\$ 8,500.00	0.85957529
Utilities, (electricity, propane, telephone, trash)	\$ 2,043.53	\$ 8,308.78	\$ 7,500.00	1.10783733
			\$ -	
Total General Fund Expenditures	\$ 31,211.15	\$ 103,438.98	\$ 128,800.00	0.80309767
Intergovernmental Grants Expenditures 218				
State or University Grants	\$ -	\$ -	\$ -	
Federal Grants	\$ -	\$ -	\$ -	
NFL State Grants	\$ 23,339.78	\$ 227,625.00	\$ 227,625.00	
Local Grants	\$ -	\$ -	\$ -	
Private Grants	\$ -	\$ -	\$ -	
Legislative Funding	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Total Grant Expenditures	\$ 23,339.78	\$ 227,625.00	\$ 227,625.00	1
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	\$ 54,550.93	\$ 331,063.98	\$ 356,425.00	\$ 0.93

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, 2019**

	<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, 2019**

EXIT CONFERENCE

The report contents were discussed in an exit conference held on October 4, 2019 with the following:

Upper Chama Soil and Water Conservation District

At the District Conference Room:

J. Agapito Candelaria, Board Chairman
Eloy Olivas, Board Member
Jo Ann N. Valdez, District Manager

Accounting Firm

James R. (Jim) Macias, CPA