

**STATE OF NEW MEXICO**

**SANTA CRUZ IRRIGATION DISTRICT**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED UPON PROCEDURES REPORT**

**YEAR ENDED JUNE 30, 2017**

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**STATE OF NEW MEXICO**  
**SANTA CRUZ IRRIGATION DISTRICT**

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**STATE OF NEW MEXICO**  
**SANTA CRUZ IRRIGATION DISTRICT**

**Official Roster**

**June 30, 2017**

**Name**

**Title**

**Board of Directors**

Kenneth Salazar

Chairman

Ron Gallegos

Vice Chairman

Josie E. Lujan

Secretary/Treasurer

**Staff**

Karen Martinez

Office Manager

Loretta Lopez

Bookkeeper

Richard Chang

Dam Tender

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

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**

Kenneth Salazar, Chairman  
Santa Cruz Irrigation District  
and  
Honorable Tim Keller  
New Mexico State Auditor

We have performed the procedures enumerated below for the Santa Cruz Irrigation 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 Santa Cruz Irrigation 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](http://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) Perform a random test 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 had a general checking account, two savings accounts and a money market checking account in two different financial institutions. Bank statements and bank reconciliations were available for all four accounts for the entire fiscal year. Determined that bank reconciliations are being performed in a timely manner.
- b) We performed a random test of bank reconciliations for accuracy for the months of June 2017 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 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 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 30 deposits (approximately 59% 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. No exceptions noted.

**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 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 40 transactions for approximately 36% 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**

If non-routine journal entries, such as adjustment or reclassification, are posted to the general ledger, test significant items 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**

- a) The District utilized journal entries to record monthly interest income on the savings accounts and journal entries to correct posting of capital assets instead of an expense. The journal entries appeared to be reasonable and having supporting adequate supporting documentation.
- b) The District has procedures that require journal entries to be reviewed and there is evidence.

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

### **Findings**

- a) The District prepared and passed a resolution approving the budget for the fiscal year and a budget adjustment for approval to DFA-LGD for the year ended June 30, 2017. The DFA-LGD approved the budget and budget adjustment. No exceptions noted.
- b) Determined that total actual expenditures did not exceed the final budget at the legal level of budgetary control for all four funds of the District. No exceptions noted.
- 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**

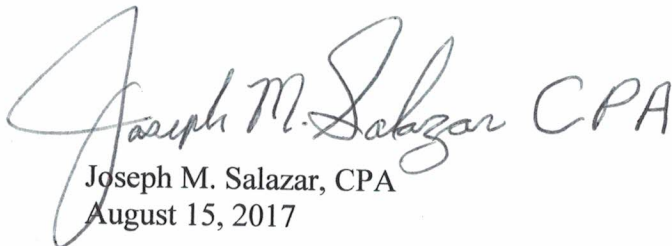
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The finding must include the required contents per Section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

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 Santa Cruz Irrigation District, the New Mexico State Auditor's Office and the DFA-Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Handwritten signature of Joseph M. Salazar CPA in cursive script.

Joseph M. Salazar, CPA  
August 15, 2017

**STATE OF NEW MEXICO** **Exhibit A**  
**SANTA CRUZ IRRIGATION 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>		
<b>REVENUES</b>				
Water assessment	\$ 75,000	\$ 75,000	\$ 76,150	\$ 1,150
Late fees	\$ 2,000	\$ 2,000	2,750	750
Interest from tax	\$ 1,000	\$ 1,000	3,026	2,026
Change of ownership	\$ 1,000	\$ 1,000	965	(35)
Interest from savings	-	-	76	76
BLM	\$ 2,500	\$ 2,500	-	(2,500)
Total revenues	<u>\$ 81,500</u>	<u>\$ 81,500</u>	<u>\$ 82,967</u>	<u>\$ 1,467</u>
Cash balance budgeted	23,210	45,210	45,210	-
Total revenues and cash balance budgeted	<u><u>\$ 104,710</u></u>	<u><u>\$ 126,710</u></u>	<u><u>\$ 128,177</u></u>	<u><u>\$ 1,467</u></u>
<b>EXPENDITURES</b>				
Wages	\$ 56,000	\$ 56,000	\$ 57,963	\$ (1,963)
Casual labor	1,000	1,000	1,000	-
Election expense	250	250	152	98
Contract services	1,000	1,000	894	106
Water rights	1,500	1,500	-	1,500
Payroll expense	4,400	4,400	4,492	(92)
Audit services	3,900	3,900	3,908	(8)
Accounting services	3,260	3,260	3,257	3
Legal services	2,000	4,000	1,245	2,755
Professional services	5,500	15,500	8,714	6,786
Dues	-	-	105	(105)
Penalties	-	-	26	(26)
Security	-	-	789	(789)
Insurance-general	6,200	6,200	5,088	1,112
Miscellaneous	-	-	180	(180)
Office Expense	2,000	2,000	2,602	(602)
Postage	2,000	2,000	96	1,904
Repairs-building	1,000	1,000	572	428
Repairs- office equipment	3,000	3,000	2,343	657
Dam expense	5,000	15,000	17,061	(2,061)
Telephone	1,700	1,700	1,575	125
Travel and mileage	1,500	1,500	2,632	(1,132)
Utilities	3,500	3,500	3,197	303
Total expenditures	<u>104,710</u>	<u>126,710</u>	<u>117,891</u>	<u>8,819</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>\$ 10,286</u>	<u>\$ 10,286</u>



SANTA CRUZ IRRIGATION DISTRICT

Balance Sheet

June 30, 2017

ASSETS

Current Assets

CHANGE FUND	\$	100.00
CHECKING-CENTURY BANK		1,999.23
SAVINGS-CENTURY BANK		51,842.62
CENTURY BANK-GRANT MONIES		8,540.23
NEW MEXICO BANK & TRUST		<u>195,786.04</u>

**Total Current Assets** \$ 258,268.12

Fixed Assets

OFFICE BUILDING & LOT	79,125.00
OFFICE FURNITURE/EQUIPMENT	2,854.82
RESERVOIR DAM	9,126,106.94
LAND	10,000.00
WATER RIGHTS	<u>6,945.00</u>

**Total Fixed Assets** 9,225,031.76

**Total Assets** \$ 9,483,299.88

SANTA CRUZ IRRIGATION DISTRICT

Balance Sheet

June 30, 2017

LIABILITIES AND EQUITY

**Current Liabilities**

FICA TAX PAYABLE	\$	728.28
FEDERAL TAX WITHHOLDING		319.93
NEW MEXICO WITHHOLDING		<u>170.00</u>

**Total Current Liabilities** \$ 1,218.21

FUND BALANCES	9,517,005.05
Current Income (Loss)	<u>(34,923.38)</u>

**Total Equity** 9,482,081.67

**Total Liabilities & Equity** \$ 9,483,299.88

**SANTA CRUZ IRRIGATION DISTRICT**  
**Income Statement**  
**For the Period Ended June 30, 2017**

	1 Month Ended Jun. 30, 2017	Pct	12 Months Ended Jun. 30, 2017	Pct
<b>Revenue</b>				
WATER ASSESSMENTS	\$ 1,351.99	85.47	\$ 76,149.95	91.78
LATE FEES	120.00	7.59	2,750.00	3.31
INTEREST FROM TAXES	68.90	4.36	3,026.26	3.65
CHANGE OF OWNERSHIP	35.00	2.21	965.00	1.16
INTEREST FROM INVESTMENTS	5.93	0.37	76.32	0.09
<b>Total Revenue</b>	<b>1,581.82</b>	<b>100.00</b>	<b>82,967.53</b>	<b>100.00</b>
<b>Cost of Sales</b>				
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>1,581.82</b>	<b>100.00</b>	<b>82,967.53</b>	<b>100.00</b>
<b>Operating Expenses</b>				
WAGES	4,759.63	300.90	57,963.23	69.86
CASUAL LABOR	0.00	0.00	1,000.00	1.21
ELECTION EXPENSE	0.00	0.00	151.48	0.18
CONTRACT SERVICES	0.00	0.00	893.58	1.08
PAYROLL EXPENSE	364.14	23.02	4,491.98	5.41
AUDIT SERVICES	0.00	0.00	3,908.26	4.71
ACCOUNTING SERVICES	271.40	17.16	3,256.80	3.93
LEGAL SERVICES	0.00	0.00	1,245.31	1.50
PROFESSIONAL SERVICES	0.00	0.00	8,714.12	10.50
DUES	0.00	0.00	105.00	0.13
PENALTIES	0.00	0.00	26.31	0.03
SECURITY	789.18	49.89	789.18	0.95
INSURANCE-GENERAL	0.00	0.00	5,088.35	6.13
MISCELLANEOUS	0.00	0.00	180.00	0.22
OFFICE EXPENSE	106.09	6.71	2,602.32	3.14
POSTAGE	0.00	0.00	95.80	0.12
REPAIRS & MAINT-EQUIPMENT	0.00	0.00	571.79	0.69
REPAIRS & MAINT-BUILDING	0.00	0.00	2,342.79	2.82
DAM EXPENSE	543.82	34.38	17,060.69	20.56
TELEPHONE	114.85	7.26	1,575.42	1.90
TRAVEL & MILEAGE	547.56	34.62	2,631.42	3.17
UTILITIES	194.34	12.29	3,197.08	3.85
<b>Total Operating Expenses</b>	<b>7,691.01</b>	<b>486.21</b>	<b>117,890.91</b>	<b>142.09</b>
<b>Operating Income</b>	<b>(6,109.19)</b>	<b>(386.21)</b>	<b>(34,923.38)</b>	<b>(42.09)</b>
<b>Total Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Income (Loss)</b>	<b>\$ (6,109.19)</b>	<b>(386.21)</b>	<b>\$ (34,923.38)</b>	<b>(42.09)</b>

SANTA CRUZ IRRIGATION DISTRICT

Income Statement

For the Period Ended June 30, 2017

	1 Month Ended				12 Months Ended			
	Jun. 30, 2017	Budget	Variance	Pct	Jun. 30, 2017	Budget	Variance	Pct
<b>Revenue</b>								
WATER ASSESMEN	\$ 1,351.99	\$ 6,250.00	\$ (4,898.01)	(78)	\$ 76,149.95	\$ 75,000.00	\$ 1,149.95	2
LATE FEES	120.00	166.66	(46.66)	(28)	2,750.00	2,000.00	750.00	38
INTEREST FROM T	68.90	83.33	(14.43)	(17)	3,026.26	1,000.00	2,026.26	203
CHANGE OF OWNE	35.00	83.33	(48.33)	(58)	965.00	1,000.00	(35.00)	(4)
INTEREST FROM IN	5.93	0.00	5.93	0	76.32	0.00	76.32	0
BLM	0.00	208.33	(208.33)	(100)	0.00	2,500.00	(2,500.00)	(100)
<b>Total Revenue</b>	<b>1,581.82</b>	<b>6,791.65</b>	<b>(5,209.83)</b>	<b>(77)</b>	<b>82,967.53</b>	<b>81,500.00</b>	<b>1,467.53</b>	<b>2</b>
<b>Cost of Sales</b>								
<b>Gross Profit</b>	<b>1,581.82</b>	<b>6,791.65</b>	<b>(5,209.83)</b>	<b>(77)</b>	<b>82,967.53</b>	<b>81,500.00</b>	<b>1,467.53</b>	<b>2</b>
<b>Operating Expenses</b>								
WAGES	4,759.63	4,666.67	92.96	2	57,963.23	56,000.00	1,963.23	4
CASUAL LABOR	0.00	83.33	(83.33)	(100)	1,000.00	1,000.00	0.00	0
ELECTION EXPENSE	0.00	20.83	(20.83)	(100)	151.48	250.00	(98.52)	(39)
CONTRACT SERVIC	0.00	83.33	(83.33)	(100)	893.58	1,000.00	(106.42)	(11)
LEASE-WATER RIGH	0.00	125.00	(125.00)	(100)	0.00	1,500.00	(1,500.00)	(100)
PAYROLL EXPENSE	364.14	366.67	(2.53)	(1)	4,491.98	4,400.00	91.98	2
AUDIT SERVICES	0.00	325.00	(325.00)	(100)	3,908.26	3,900.00	8.26	0
ACCOUNTING SERV	271.40	271.67	(0.27)	(0)	3,256.80	3,260.00	(3.20)	(0)
LEGAL SERVICES	0.00	333.33	(333.33)	(100)	1,245.31	4,000.00	(2,754.69)	(69)
PROFESSIONAL SER	0.00	1,291.67	(1,291.67)	(100)	8,714.12	15,500.00	(6,785.88)	(44)
DUES	0.00	0.00	0.00	0	105.00	0.00	105.00	0
PENALTIES	0.00	0.00	0.00	0	26.31	0.00	26.31	0
SECURITY	789.18	0.00	789.18	0	789.18	0.00	789.18	0
INSURANCE-GENER	0.00	516.67	(516.67)	(100)	5,088.35	6,200.00	(1,111.65)	(18)
MISCELLANEOUS	0.00	0.00	0.00	0	180.00	0.00	180.00	0
OFFICE EXPENSE	106.09	166.67	(60.58)	(36)	2,602.32	2,000.00	602.32	30
POSTAGE	0.00	166.67	(166.67)	(100)	95.80	2,000.00	(1,904.20)	(95)
REPAIRS & MAINT-	0.00	83.33	(83.33)	(100)	571.79	1,000.00	(428.21)	(43)
REPAIRS & MAINT-	0.00	250.00	(250.00)	(100)	2,342.79	3,000.00	(657.21)	(22)
DAM EXPENSE	543.82	1,250.00	(706.18)	(56)	17,060.69	15,000.00	2,060.69	14
TELEPHONE	114.85	141.67	(26.82)	(19)	1,575.42	1,700.00	(124.58)	(7)
TRAVEL & MILEAG	547.56	125.00	422.56	338	2,631.42	1,500.00	1,131.42	75
UTILITIES	194.34	291.67	(97.33)	(33)	3,197.08	3,500.00	(302.92)	(9)
<b>Total Operating</b>	<b>7,691.01</b>	<b>10,559.18</b>	<b>(2,868.17)</b>	<b>(27)</b>	<b>117,890.91</b>	<b>126,710.00</b>	<b>(8,819.09)</b>	<b>(7)</b>
<b>Operating In</b>	<b>(6,109.19)</b>	<b>(3,767.53)</b>	<b>(2,341.66)</b>	<b>62</b>	<b>(34,923.38)</b>	<b>(45,210.00)</b>	<b>10,286.62</b>	<b>(23)</b>
<b>Net Income (</b>	<b>\$ (6,109.19)</b>	<b>\$ (3,767.53)</b>	<b>\$ (2,341.66)</b>	<b>62</b>	<b>\$ (34,923.38)</b>	<b>\$ (45,210.00)</b>	<b>\$ 10,286.62</b>	<b>(23)</b>

**STATE OF NEW MEXICO**  
**SANTA CRUZ IRRIGATION DISTRICT**  
**Status of Current and Prior Year Findings**  
**YEAR ENDED JUNE 30, 2017**

No current or prior year findings



**STATE OF NEW MEXICO**  
**SANTA CRUZ IRRIGATION DISTRICT**

**Exit Conference**

**YEAR ENDED JUNE 30, 2017**

**Exit Conference**

The report contents were discussed at an exit conference held August 15, 2017 with the following in attendance:

Santa Cruz Irrigation District

Kenneth Salazar, Board Chairman

Karen Martinez, Office Manager

Loretta Lopez, Bookkeeper

Accounting Firm

Joseph M. Salazar, CPA