



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
www.mgandc.com

STATE OF NEW MEXICO

SANTA CRUZ IRRIGATION DISTRICT

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2012

STATE OF NEW MEXICO

SANTA CRUZ IRRIGATION DISTRICT

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

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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
at June 30, 2012**

<u>Name</u>		<u>Title</u>
<u>Board of Directors</u>		
Kenneth Salazar		Chairman
Mel Martinez		Vice-Chairman
Josie E. Lujan		Secretary/Treasurer
<u>Staff</u>		
Karen Martinez		Office Manager
Loretta Lopez		Bookkeeper
Charlie Esquibel		Dam 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: Kenneth Salazar, Chairman
Santa Cruz Irrigation District
and
Honorable Hector H. Balderas
New Mexico State Auditor

We have performed the procedures enumerated below for the Santa Cruz Irrigation District (SCID), for the year ended June 30, 2012, solely to assist the SCID in demonstrating compliance with a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and 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 SCID through the Office of the New Mexico State Auditor. The Santa Cruz Irrigation 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 SCID pays a fee accountant, who uses Intuit-EasyACCT trial balance software, to record cash transactions, make journal entries and prepare monthly bank reconciliations and monthly financial statements. The SCID has two (2) checking accounts and a savings account. All bank reconciliations are performed on a timely basis and all bank statements 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 and the general ledger. We traced the June 30, 2012 cash balances to the required quarterly financial report submitted to DFA-LGD, without exception.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any 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 SCID performed a yearly inventory as required by Section 12-6-10 NMSA 1978 but again maintained capital asset listings of only the office building and office furniture/equipment. There was a detailed description of the building but no value was shown. The various office furniture/equipment listings showed "estimated values" totaling \$6,235 and estimated values for the various items ranged from \$1,000 to \$1.

Included on the listings were items such as staplers, trash cans and tape dispensers. The SCID does not have a capital asset capitalization policy.

The fee accountant prepared SCID balance sheet at June 30, 2012 shows Office Building & Lot , \$86,719; Caretaker Equipment, \$802; Office Furniture/Equipment \$16,469; and, Reservoir Dam, \$11,551,661, for a total of \$11,655,650. Those same amounts were reported on the June 30, 2010 and 2011 balance sheets. The SCID could not provide supporting documentation as to when and how these amounts were recorded.

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 on Intuit EasyACCT financial statements and general ledger agreed with supporting documentation and the bank statements.
- 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) Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and copy of cancelled check, as appropriate.
- b) Except for payments to Board members described below, disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. Payments to Board members for attending meetings are employee wages but were not treated as such. These payments are subject to payroll taxes.
- 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

- a) The SCID utilized journal entries to record monthly interest income on the savings account, journal entries to record voided checks and a journal entry to record an Automated Clearing House (ACH) deposit. The journal entries appear reasonable and have supporting documentation.
- b) The SCID has procedures that require journal entries to be reviewed and there is evidence that the reviews are being performed.

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 and correspondence revealed that the original budget was approved by the SCID governing body and DFA-LGD. No subsequent 2012 budget adjustments were made.
- 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 from the DFA-LGD approved budget and SCID records on the cash budgetary basis, the basis used by SCID. The SCID submitted a budget report (Income statement) for the year ended June 30, 2012 to DFA-LGD which is included herein (Exhibit C). However, the budgeted amounts shown on the budget report submitted included prior-year grant income and expenditures of \$153,750 that was received and expended as of June 30, 2010.

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 or illegal acts. However, see the Schedule of Findings and Responses for internal control and noncompliance issues related to the Capital Asset, Expenditures and Budget findings described above.

* * * * *

We were not engaged to, and did not conduct an audit of 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 Santa Cruz Irrigation 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
August 9, 2012

STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION 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:				
Assessments - Water	\$ 75,000	\$ 75,000	\$ 77,750	\$ 2,750
Interest - Savings	900	900	173	(727)
Interest from Tax	-	-	2,065	2,065
BLM	2,500	2,500	4,643	2,143
Change of Ownership	1,200	1,200	811	(389)
Late Fees	2,000	2,000	3,140	1,140
Water Rights Lease	-	-	2,302	2,302
Total revenues	<u>81,600</u>	<u>81,600</u>	<u>90,884</u>	<u>9,284</u>
Cash balance budgeted	<u>56,785</u>	<u>56,785</u>	<u>56,785</u>	<u>-</u>
Total revenues and cash balance budgeted	<u>\$ 138,385</u>	<u>\$ 138,385</u>	<u>147,669</u>	<u>9,284</u>
Expenditures:				
Wages	\$ 50,000	\$ 50,000	41,489	8,511
Casual Labor	1,000	1,000	-	1,000
Board Expense	3,000	3,000	2,100	900
Election Expense	250	250	219	31
Contract Services	1,000	1,000	945	55
Purchases - Water Rights	5,000	5,000	200	4,800
Payroll Expense	3,500	3,500	3,279	221
Accounting Services	2,550	2,550	2,532	18
Audit Services	3,700	3,700	3,676	24
Legal Services	5,000	5,000	10,137	(5,137)
Security	-	-	357	(357)
Insurance - General	3,500	3,500	2,808	692
Miscellaneous	-	-	114	(114)
Office Expense	3,000	3,000	3,839	(839)
Printing	-	-	199	(199)
Postage	1,600	1,600	2,017	(417)
Repairs & Maint - Building	500	500	-	500
Repairs - Office Equipment	1,000	1,000	-	1,000
Dam Expense	6,000	6,000	6,052	(52)
Supplies	-	-	36	(36)
Telephone	1,600	1,600	1,439	161
Travel and Mileage	1,500	1,500	2,076	(576)
Utilities	3,500	3,500	2,992	508
Total expenditures	<u>\$ 97,200</u>	<u>\$ 97,200</u>	<u>86,506</u>	<u>10,694</u>
Excess revenues over expenditures			<u>\$ 61,163</u>	<u>\$ 19,978</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
BUDGET AND FINANCE BUREAU
SPECIAL DISTRICT FINANCIAL QUARTERLY 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.

Special District: Santa Cruz Irrigation District (SCID)
Period Ending: 06/30/12
Prepared by: Loretta Lopez

YEAR TO DATE TRANSACTIONS PER BOOKS

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2011 (3)	REVENUES TO DATE (4)	NET TRANSFERS (5)	EXPENDITURES TO DATE (6)	BOOK BALANCE END OF PERIOD (7)	ADD: OUTSTANDING CHECKS (8)	LESS: DEPOSITS IN TRANSIT (9)	ADJUSTMENTS (10)	ADJUSTED BALANCE END OF PERIOD (11)	BALANCE PER BANK STATEMENTS (12)	DIFFERENCE (13)
	GENERAL	22,421.64	90,785.23		89,307.77	24,899.10	1,963.64			28,962.74	26,862.74	0.00
	SAVINGS	25,919.92	5,142.22			31,062.14				31,062.14	31,062.14	0.00
	CHANGE FUND	100.00				100.00				100.00	100.00	0.00
	Note: Change Fund does not have a Bank Statement											
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
	SUB-TOTAL	48,441.56	95,927.45	0.00	89,307.77	56,061.24	1,963.64			68,024.88	58,024.88	0.00
	INVESTMENTS					0.00				0.00		0.00
	GRANT MONIES	8,343.34	10,096.73		13,062.05	5,378.02				5,378.02	5,378.02	0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
	SUB-TOTAL INVESTMENTS	8,343.34	10,096.73	0.00	13,062.05	5,378.02				5,378.02	5,378.02	0.00
	GRAND TOTAL	56,784.90	106,024.18	\$0.00	\$101,369.82	\$61,439.26	\$1,963.64	\$0.00	\$0.00	63,402.90	\$63,402.90	\$0.00

RECAP

SANTA CRUZ IRRIGATION DISTRICT
Income Statement
For the Period Ended June 30, 2012

Exhibit C

	1 Month Ended Jun. 30, 2012				12 Months Ended Jun. 30, 2012			
	Budget	Variance	Pct	Budget	Variance	Pct		
Revenue								
WATER ASSESSMEN	\$ 2,214.08	\$ 6,250.00	\$ (4,035.92)	(65)	\$ 77,750.11	\$ 75,000.00	\$ 2,750.11	4
LATE FEES	265.00	166.66	98.34	59	3,140.00	2,000.00	1,140.00	57
INTEREST FROM TAX	330.86	0.00	330.86	0	2,064.58	0.00	2,064.58	0
CHANGE OF OWNER	45.00	100.00	(55.00)	(55)	811.00	1,200.00	(389.00)	(32)
INTEREST FROM INV	10.63	75.00	(64.37)	(86)	173.26	900.00	(726.74)	(81)
BLM	0.00	208.33	(208.33)	(100)	4,643.00	2,500.00	2,143.00	86
WATER RIGHTS LEA	0.00	0.00	0.00	0	2,302.32	0.00	2,302.32	0
INCOME-GRANT	0.00	0.00	0.00	0	0.00	153,750.00	(153,750.00)	(100)
Total Revenue	2,865.57	6,799.99	(3,934.42)	(58)	90,884.27	235,350.00	(144,465.73)	(61)
Cost of Sales								
Gross Profit	2,865.57	6,799.99	(3,934.42)	(58)	90,884.27	235,350.00	(144,465.73)	(61)
Operating Expenses								
GRANT DISBURSEM	0.00	0.00	0.00	0	0.00	153,750.00	(153,750.00)	(100)
WAGES	3,427.89	4,166.67	(738.78)	(18)	41,488.88	50,000.00	(8,511.12)	(17)
CASUAL LABOR	0.00	83.33	(83.33)	(100)	0.00	1,000.00	(1,000.00)	(100)
BOARD EXPENSE	550.00	250.00	300.00	120	2,100.00	3,000.00	(900.00)	(30)
ELECTION EXPENSE	0.00	20.83	(20.83)	(100)	219.16	250.00	(30.84)	(12)
CONTRACT SERVICE	0.00	83.33	(83.33)	(100)	945.00	1,000.00	(55.00)	(6)
PURCHASES-WATER	0.00	416.66	(416.66)	(100)	200.00	5,000.00	(4,800.00)	(96)
PAYROLL EXPENSE	262.24	291.67	(29.43)	(10)	3,278.51	3,500.00	(221.49)	(6)
AUDIT SERVICES	0.00	308.33	(308.33)	(100)	3,676.25	3,700.00	(23.75)	(1)
ACCOUNTING SERVI	210.97	212.50	(1.53)	(1)	2,531.51	2,550.00	(18.49)	(1)
LEGAL SERVICES	19.80	416.67	(396.87)	(95)	10,137.22	5,000.00	5,137.22	103
SECURITY	357.02	0.00	357.02	0	357.02	0.00	357.02	0
INSURANCE-GENER	0.00	291.66	(291.66)	(100)	2,808.30	3,500.00	(691.70)	(20)
MISCELLANEOUS	0.00	0.00	0.00	0	114.20	0.00	114.20	0
OFFICE EXPENSE	56.00	250.00	(194.00)	(78)	3,838.52	3,000.00	838.52	28
PRINTING	0.00	0.00	0.00	0	199.06	0.00	199.06	0
POSTAGE	23.75	133.33	(109.58)	(82)	2,017.05	1,600.00	417.05	26
REPAIRS & MAINT-E	0.00	83.33	(83.33)	(100)	0.00	1,000.00	(1,000.00)	(100)
REPAIRS & MAINT-B	0.00	41.67	(41.67)	(100)	0.00	500.00	(500.00)	(100)
DAM EXPENSE	1,862.49	500.00	1,362.49	272	6,052.29	6,000.00	52.29	1
SUPPLIES	14.28	0.00	14.28	0	36.21	0.00	36.21	0
TELEPHONE	0.00	133.33	(133.33)	(100)	1,438.82	1,600.00	(161.18)	(10)
TRAVEL & MILEAGE	334.80	125.00	209.80	168	2,076.20	1,500.00	576.20	38
UTILITIES	268.40	291.67	(23.27)	(8)	2,992.37	3,500.00	(507.63)	(15)
Total Operating	7,387.64	8,099.98	(712.34)	(9)	86,506.57	250,950.00	(164,443.43)	(66)
Operating Inc	(4,522.07)	(1,299.99)	(3,222.08)	248	4,377.70	(15,600.00)	19,977.70	(128)
Net Income (L)	\$ (4,522.07)	\$ (1,299.99)	\$ (3,222.08)	248	\$ 4,377.70	\$ (15,600.00)	\$ 19,977.70	(128)

**STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION 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:			
Financial Reports	C, D	2010-1	2010-1
Capital Assets	C	2010-2	2010-2
Payments to Board Members	D	N/A	2012-1
Follow-up on Prior Year Findings:			
Quarterly Financial Reports/Incorrect Cash Balances	C, D	2010-1	2010-1
Capital Assets	C	2010-2	2010-2

*** Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

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

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

2010-1

Quarterly Financial Reports

Criteria

Section 6-6-2 (B) NMSA, 1978 requires each local public body to submit periodic financial reports, at least quarterly, to the DFA-LGD. Section 6-6-3 NMSA, 1978 Compilation states that every local public body shall make all reports as may be required by the Department of Finance and Administration-Local Government Division (DFA-LGD) and conform to the rules and regulations adopted by the DFA-LGD. The required financial reports include quarterly beginning balances, activity and ending balances on all cash and investment accounts and an actual revenue and expenditures compared to budget statement.

Condition

The SCID submitted revenue and expenditures budget comparison statements but the Budget amounts did not agree with the original and final DFA-LGD approved amounts. The budget amounts included prior-year grant income and expenditures of \$153,750 that was received and expended as of June 30, 2010.

Cause

The SCID did not comply with the recommendations included in the prior agreed-upon procedures engagement.

Effect

The SCID has not complied with Sections 6-6-2 and 6-6-3 NMSA 1978.

Recommendation

We recommend that the SCID ensure that the budget comparison statements submitted to DFA-LGD agree with the approved amounts.

Entity Response

“The prior year budgeted grant income and expenditures for \$153,750 will be corrected July, 2012 (Fiscal Year 2012-2013) and future budget comparison statements submitted to DFA-LGD will agree with the approved amounts.”

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

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

2010-2

Capital Assets

Criteria

Section 12-6-10 (A) NMSA, 1978 states, in part, that the governing authority shall, at the end of each fiscal year, conduct a physical inventory of moveable chattels and equipment costing more than five thousand dollars (\$5,000). The inventory shall list the chattels and equipment and the date and cost of acquisition. No agency shall be required to list any item costing five thousand dollars (\$5,000) or less. Upon completion, the inventory shall be certified by the governing authority as to correctness.

Condition

The SCID conducted an annual inventory but the listings did not change from the prior year and again show estimated values and do not include the date and cost of acquisition. The listings include items that are not considered capital assets since the SCID does not have a capitalization policy. The SCID balance sheet amounts have no supporting documentation.

Cause

The SCID did not comply with the recommendations included in the prior agreed-upon procedures engagement.

Effect

The SCID has not complied with Sections 12-6-10 NMSA 1978.

Recommendation

We again recommend that the SCID establish a capitalization policy and comply with Section 12-6-10 NMSA 1978. We further recommend that the SCID balance sheet amounts be adjusted as determined by the SCID capitalization policy.

Entity Response

“The SCID will develop a capitalization policy and comply with Section 12-6-10 NMSA 1978. SCID is working on the construction cost of the Dam. We have hired a consultant who will provide figures soon. The balance sheet amounts will be adjusted as determined by the SCID capitalization policy.”

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

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

2012-1

Payments to Board Members

Criteria

Internal Revenue Code Section 3401 (c) defines employee to include an “officer, elected official of any political subdivision thereof, or any agency of instrumentality. Case law provides further support in that governmental officials have been delegated sovereign powers of a government to be exercised for the benefit of the public. They render services defined by law and functions established by and for the position held. An official’s actions are controlled by the “position” with the governmental entity. Hence, the employer-employee relationship exists and board members are employees.

Condition

The SCID pays their board members for attending Board meetings but does not treat these payments as employee wages and, therefore, does not withhold, match FICA or Medicare or pay in payroll taxes.

Cause

The SCID was not aware of the requirements of Internal Revenue Code Section 3401 (c).

Effect

The SCID has not complied with Internal Revenue Code Section 3401 (c).

Recommendation

We recommend that the SCID treat Board member payments for attending meetings as employee wages to comply with Internal Revenue Code Section 3401 (c) .

Entity Response

“SCID will comply with Internal Revenue Code Section 3401 (c) starting fiscal year 2012-2013.”

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

**Exit Conference
Year Ended June 30, 2012**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on August 28, 2012 with the following in attendance:

Santa Cruz Irrigation District

Mel Martinez, Board Vice-Chairman
Karen Martinez, Office Manager
Loretta Lopez, Bookkeeper

Accounting Firm

James R. (Jim) Macias, CPA