

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT

Tier 4 of the Audit Act Report

Year Ended June 30, 2013

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Garfield, New Mexico  
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STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Garfield, New Mexico  
Official Roster

Frank Garay	Chair
Harvey Morrow	Vice-Chair
Pat Emery	Secretary/Treasurer
Slim Whitlock	Member
Jerry Mayeux	Member
Hector Mendoza	Member
Casey McGuire	Member



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Frank Garay, Chairman  
and Members of the Board of Supervisors  
Caballo Soil and Water Conservation District  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below, for the Caballo Soil and Water Conservation District (District), for the year ended June 30, 2013. The District was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) 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 management of the Caballo Soil and Water Conservation District is responsible for the company'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

- 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.

The District has four bank accounts, all reconciliations were performed on a timely basis, and bank statements for the fiscal year were 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.

Random tests of bank reconciliations revealed that the reconciliations were accurate and agreed with the supporting documentation and with the financial report submitted to 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.

Balances at banks throughout the year never exceeded FDIC limits, and therefore pledged collateral was not required on any bank balance.

## 2. Capital assets

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

The District performed a yearly inventory as required by Section 12-6-10 NMSA 1978.

## 3. Revenue

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

The District has a property tax mill levy, receives annual appropriations from the New Mexico Legislature, receives grants, receives repayments on loans made to farmers, and has interest income on bank accounts.

- a) Perform an analytical review, test actual revenue compared to budgeted revenue for the year for each type of revenue.

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

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.

Amounts recorded in the general ledger agreed 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.

Transactions were properly recorded on a cash basis as to amount, classification, and period as determined by the review of supporting documentation.

## 4. Expenditures

Select a sample of cash disbursements based on auditor judgment 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 cancelled check, as appropriate.

Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agree with 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.

Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established polices 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

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 13-1-199 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

If non-routine journal entries, such as adjustments or reclassification, are posted to the general ledger, test significant items for the following attributes:

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

The District uses Quicken to record transactions on a cash basis, no journal entries were prepared.

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

The District uses Quicken to record transactions on a cash basis, no journal entries were prepared.

## 6. Budget

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.

A review of the minutes and correspondence revealed that the original budget was approved by the District board and DFA-LGD. There was one budget amendment that was approved by the District board and DFA-LGD.

- b) Determine if the total actual expenditures exceed the final budget at the legal level of budgetary control; if so, report a compliance finding.

Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.

- 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.

Schedules of revenues and expenditures – budget to actual, cash basis, were prepared for the general fund and the watershed fund.

## 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 findings must include the required content per Section 2.2.2.10(I) (3) (C) NMAC.

Besides Finding 13-01, late submission of the IPA recommendation form and Tier 4 contract to the Office of the State Auditor, nothing came to our attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

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We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Caballo Soil and Water Conservation District, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

*Beasley Mitchell & Co LLP*

Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

October 31, 2013

STATE OF NEW MEXICO  
 CABALLO SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (CASH BASIS)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Mil levy	\$ -	\$ 65,000	\$ 63,970	\$ (1,030)
Loan repayments	11,063	11,063	9,690	(1,373)
State relief grant	-	-	2,792	2,792
State appropriation	11,000	11,000	12,990	1,990
Interest income	100	100	78	(22)
<b>Total revenues</b>	<b>22,163</b>	<b>87,163</b>	<b>89,520</b>	<b>2,357</b>
<b>Expenditures</b>				
<b>PERSONNEL SERVICE</b>				
Salaries	6,000	6,000	4,947	1,053
<b>Totals</b>	<b>6,000</b>	<b>6,000</b>	<b>4,947</b>	<b>1,053</b>
<b>ADMINISTRATIVE</b>				
Dues and sub	1,000	1,000	800	200
Per diem	1,200	1,200	505	695
<b>Totals</b>	<b>2,200</b>	<b>2,200</b>	<b>1,305</b>	<b>895</b>
<b>OPERATIONAL</b>				
Building expenses	4,250	4,250	8,132	(3,882)
Election expense	400	400	360	40
Office expenses	300	300	560	(260)
Conservation education	200	200	192	8
Education	250	250	160	90
Miscellaneous	1,570	22,740	19,330	3,410
<b>Totals</b>	<b>6,970</b>	<b>28,140</b>	<b>28,734</b>	<b>(594)</b>
<b>Total expenditures</b>	<b>\$ 15,170</b>	<b>\$ 36,340</b>	<b>\$ 34,986</b>	<b>\$ 1,354</b>
<b>Excess revenues over expenditures</b>			<b>\$ 54,533</b>	<b>\$ 1,003</b>



STATE OF NEW MEXICO  
 CABALLO SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (CASH BASIS)  
 WATERSHED FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Mil levy	\$ 1,200	\$ 1,200	\$ 1,517	\$ 317
Interest income	25	25	22	(3)
Total revenues	1,225	1,225	1,539	314
<b>Expenditures</b>				
Administrative	300	300	-	300
Miscellaneous	600	600	3	597
Total expenditures	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 3</u>	<u>\$ 897</u>
Excess revenues over expenditures			<u>\$ 1,536</u>	<u>\$ 1,211</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.

*x\_/s/ Merry Jo Fahl*

S.W.C.D.: Caballo  
 Period Ending: 06/30/13

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2011 (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	56,306.00	89,566.00	-	34,986.00	110,886.00	549.00		(39.00)	111,396.00	111,396.00	-
218	INTERGOVERNMENTAL GRANTS	-	-	-		-						
299	OTHER	26,566.00	1,489.00	-	3.00	28,052.00	-		51.00	28,103.00	28,103.00	-
400	DEBT SERVICE	-	-	-	-	-				-		-
	<b>GRAND TOTAL</b>	82,872.00	91,055.00	-	34,989.00	138,938.00	549.00	-	12.00	139,499.00	139,499.00	-

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

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

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>General Fund 101</b>				
Property Tax - Current Year	16,770.00	64,019.00	-	#DIV/0!
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	19.00	76.00	100.00	0.76
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	650.00	15,781.00	11,000.00	1.43
Miscellaneous	4,331.00	9,690.00	9,690.00	1.00
	-	-	-	#DIV/0!
	-	-	-	#DIV/0!
<b>TOTAL GENERAL FUND REVENUES</b>	<b>21,770.00</b>	<b>89,566.00</b>	<b>20,790.00</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	-	-	-	#DIV/0!
<b>TOTAL GRANT REVENUES</b>	-	-	-	n/a
<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	-	-	-	#DIV/0!
<b>TOTAL OTHER 299</b>	-	-	-	
<b>Debt Service 400</b>				
<b>General Obligation Bonds</b>	-	-	-	#DIV/0!
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
<b>Revenue Bonds</b>	-	-	-	#DIV/0!
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRT	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
<b>Miscellaneous (NMFA, BOF, etc.)</b>	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Loan Revenue	-	-	-	#DIV/0!
<b>TOTAL DEBT SERVICE REVENUES</b>	-	-	-	
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>	<b>21,770.00</b>	<b>89,566.00</b>	<b>20,790.00</b>	

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

SWCD:

Caballo

Period Ending: 6/30/2013

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>GENERAL FUND 101</b>				
Personnel Services, Salaries including Benefits	675.00	4,947.00	6,000.00	0.82
GRT Taxes	-	-	-	#DIV/0!
Mileage and Per Diem	-	505.00	1,200.00	0.42
Fees and Services Expenses	-	-	-	#DIV/0!
Office Expense	356.00	560.00	300.00	1.87
Building Expenses (e.g. rent/maintenance)	1,515.00	8,132.00	4,250.00	1.91
Supplies	-	-	-	#DIV/0!
Election Expense	215.00	360.00	400.00	0.90
Education expense	58.00	160.00	250.00	0.64
Vehicle Expense (Insurance, gas, maintenance)	-	-	-	#DIV/0!
Advertising,Public Relations (e.g. newsletter)	-	-	-	#DIV/0!
Annual Audit Expenses	-	-	-	#DIV/0!
Dues and Board Fees	600.00	800.00	1,000.00	0.80
Field Supplies (e.g. Salt Cedar Mechanical Removal)	-	-	-	#DIV/0!
Postage Expense	-	-	-	#DIV/0!
Cost Sharing Expense	-	-	-	#DIV/0!
Brush Control Expenses	-	-	-	#DIV/0!
Training and Workshops	-	-	-	#DIV/0!
Contractual Services Expenses	-	-	-	#DIV/0!
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	-	-	-	#DIV/0!
Miscellaneous (e.g. Chipper Expense)	17,955.00	19,522.00	1,770.00	11.03
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>21,374.00</b>	<b>34,986.00</b>	<b>15,170.00</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	-	-	-	#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>21,374.00</b>	<b>34,986.00</b>	<b>15,170.00</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  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year ended June 30, 2013

**CURRENT YEAR FINDING**

13-01 Late submission of the IPA recommendation form and Tier 4 contract to the State Auditor.

Statement of Condition:

The District submitted their IPA recommendation form and Tier 4 contract to the State Auditor after July 1, 2013. The State Auditor received the documents on August 26, 2013

Criteria:

Paragraph (6) of subsection G of 2.2.2.8 NMAC (State Auditor Rule) outlines due dates for local public bodies with a June 30 fiscal year-end. The IPA recommendation form and Tier 3 contract must be delivered to the State Auditor by July 1.

Effect:

The District is not in compliance with state statute.

Cause:

In past years the District did not have significant revenues that involved reporting at more than Tier 2 of the New Mexico Audit Rule. During the year ended June 30, 2013, the District passed a property tax mil levy, resulting in a new revenue source. The District failed to review the related requirements in the New Mexico Audit Rule, but corrected the oversight upon discovery.

Recommendation:

We recommend the District follow the State Audit Rule and submit the IPA recommendation form and Tier contract by the required date.

Management Response:

The Board of Supervisors of the Caballo Soil and Water Conservation District was unsure of the date required to secured the services of an auditor and submit their recommendation to the office of the State Auditor. This is the fist year that the Caballo District had sufficient revenues to be above the Tier 2 AUP and subsequently required to

STATE OF NEW MEXICO  
CABALLO SOIL AND WATER CONSERVATION DISTRICT  
Schedule of Findings and Responses  
Year ended June 30, 2013

get a report completed. Now that they are aware of the deadline they will endeavor to get a recommendation in to the Office of the State Auditor in a more timely manner.

Exit Conference

An exit conference was held on November 15, 2013 with Merry Jo Fahl, District Manager, and Pat Emery, Board Secretary/Treasurer, Grant Soil and Water Conservation District. Representing Beasley, Mitchell & Co., LLP was Clark Goding, CPA, CGMA, Audit Manager.