

STATE OF NEW MEXICO
CABALLO SOIL AND WATER CONSERVATION DISTRICT

Tier 4 of the Audit Act Report

Year Ended June 30, 2014

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

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

Jerry Mayeux, 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, 2014. 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 Department of Finance and Administration - Local Government Division (DFA-LGD).

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 mil levy, receives annual appropriations from the New Mexico Legislature, 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.

- 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. The District informed us that a budget was not prepared for the watershed funds for the fiscal year ended June 30, 2014.

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(l) (3) (C) NMAC.

Nothing came to our attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

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, 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.

Beasley Mitchell & Co LLP
Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

November 14, 2014

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, 2014

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Mil levy	\$ 60,000	\$ 60,000	\$ 69,281	\$ 9,281
Loan repayments	9,200	9,200	9,092	(108)
State appropriation	12,000	12,000	12,907	907
Interest income	100	100	85	(15)
Total revenues	81,300	81,300	91,365	10,065
Expenditures				
PERSONNEL SERVICE				
Salaries	21,530	21,530	5,493	16,037
Totals	21,530	21,530	5,493	16,037
ADMINISTRATIVE				
Dues and subscriptions	1,000	1,000	1,375	(375)
Professional services	2,500	2,500	2,850	(350)
Per diem	1,500	1,500	585	915
Totals	5,000	5,000	4,810	190
OPERATIONAL				
Building expenses	6,875	6,875	5,034	1,841
Bonding	1,170	1,170	999	171
Office expenses	350	350	1,279	(929)
Conservation education	1,200	1,200	332	868
Dam maintenance	30,000	30,000	19,783	10,217
Conservation projects	2,000	2,000	-	2,000
Miscellaneous	575	575	684	(109)
Totals	42,170	42,170	28,111	14,059
Total expenditures	\$ 68,700	\$ 68,700	\$ 38,414	\$ 30,286
Excess revenues over expenditures			\$ 52,951	\$ (20,221)

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, 2014

	<u>Budgeted Amounts</u>		<u>Actuals</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues				
Mil levy	\$ -	\$ -	\$ 1,543	\$ 1,543
Interest income	-	-	19	19
	<u>-</u>	<u>-</u>	<u>1,562</u>	<u>1,562</u>
Expenditures				
Administrative	-	-	-	-
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess revenues over expenditures			<u>\$ 1,562</u>	<u>\$ 1,562</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.

S.W.C.D.: Caballo
 Period Ending: 06/30/14

x /s/ Merry Jo Fahl

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND	UNAUDITED BEGINNING CASH BALANCE @ July 1	INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
101	GENERAL FUND	111,396.00	-	91,655.00	-	38,415.00	164,636.00	16,710.00		(842.00)	181,346.00	180,504.00	-
218	INTERGOVERNMENTAL GRANTS	-	-	-	-	-	-						
299	OTHER	28,103.00	-	1,268.00	-	-	29,371.00			(1.00)	29,370.00	29,370.00	-
400	DEBT SERVICE	-	-	-	-	-	-				-	-	-
	GRAND TOTAL	139,499.00	-	92,923.00	-	38,415.00	194,007.00	16,710.00	-	(843.00)	210,716.00	209,874.00	842.00

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
General Fund 101				
Property Tax - Current Year	19,551.00	69,568.00	60,000.00	1.16
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	24.00	88.00	100.00	0.88
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	645.00	12,907.00	12,000.00	1.08
Miscellaneous	4,142.00	9,092.00	-	#DIV/0!
	-	-	-	#DIV/0!
	-	-	-	#DIV/0!
TOTAL GENERAL FUND REVENUES	24,362.00	91,655.00	72,100.00	
Intergovernmental Grants 218				
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!
TOTAL GRANT REVENUES	-	-	-	n/a
Other 299				
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	452.00	1,264.00	-	#DIV/0!
	-	-	-	#DIV/0!
TOTAL OTHER 299	452.00	1,264.00	1,270.00	
Debt Service 400				
General Obligation Bonds	-	-	-	#DIV/0!
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
Revenue Bonds	-	-	-	#DIV/0!
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRT	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
Miscellaneous (NMFA, BOF, etc.)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Loan Revenue	-	-	-	#DIV/0!
TOTAL DEBT SERVICE REVENUES	-	-	-	
GRAND TOTALS REVENUES- CURRENT QTR	24,814.00	92,919.00	73,370.00	

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

SWCD:
Caballo

Period Ending: 3/31/2014

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	3,117.00	5,494.00	21,530.00
GRT Taxes	-	-	-
Mileage and Per Diem	377.00	585.00	1,500.00
Fees and Services	-	-	-
Office Expense	1,132.00	1,279.00	300.00
Building Expenses (e.g. rent/maintenance)	1,617.00	4,984.00	6,875.00
Supplies	-	-	-
Election Expense	-	-	50.00
Education expense	-	332.00	1,200.00
Vehicle Expense (Insurance, gas, maintenance)	-	-	-
Advertising,Public Relations (e.g. newsletter)	-	-	-
Annual Audit Expenses	-	2,850.00	2,500.00
Dues and Board Fees	600.00	1,375.00	1,000.00
Field Supplies (e.g. Salt Cedar Mechanical Removal)	-	-	-
Postage Expense	-	-	-
Cost Sharing Expense	-	-	-
Brush Control Expenses	-	-	-
Training and Workshops	200.00	200.00	100.00
Contractual Services Expenses	-	-	-
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	-	-	-
Miscellaneous (e.g. Chipper Expense)	20,083.00	21,317.00	3,645.00
TOTAL GENERAL FUND EXPENDITURES	27,126.00	38,416.00	38,700.00
Intergovernmental Grants Expenditures 218			
University Grants	-	-	-
Federal Grants	-	-	-
State Grants	-	-	-
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 PAGE TAB	-	-	-
Total Other Expenditures	-	-	-
Debt Service 400			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES Current Quarter	27,126.00	38,416.00	38,700.00

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

BUDGETED TRANSFERS * OTHER FINANCING SOURCES/ USES	Current Quarter	Year to Date	Fiscal Year 2014 BUDGET REQUEST
Transfers In Fund 100	-	-	-
Transfers In Fund 218	-	-	-
Transfers In Fund 299	-	-	-
Transfers In Fund 400	-	-	-
A SUB-TOTAL	-	-	-
Transfers Out Fund 100	-	-	-
Transfers Out Fund 218	-	-	-
Transfers Out Fund 299	-	-	-
Transfers Out Fund 400	-	-	-
B SUB-TOTAL	-	-	-
A - B Total Net Transfers	-	-	-

* Transfers in the budget occur when money arrives in one account and is transferred to another for a specific use. Board must approve by resolution. Local Government also approves if moving from or to the General Fund.

STATE OF NEW MEXICO
CABALLO SOIL AND WATER CONSERVATION DISTRICT
Schedule of Findings and Responses
Year ended June 30, 2014

STATUS OF PRIOR YEAR FINDING

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

EXIT CONFERENCE

An exit conference was held on October 14, 2014 with Susan Downs, Administrative Assistant, and Pat Emery, Board Secretary/Treasurer, Caballo Soil and Water Conservation District. Representing Beasley, Mitchell & Co., LLP was Clark Goding, Audit Manager.