
State of New Mexico
Canadian River Soil and Water Conservation District

Independent Accountants' Report on
Applying Agreed-Upon Procedures
June 30, 2013

Sandra Rush
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1101 E Llano Estacado
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STATE OF NEW MEXICO
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

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For the Year Ended June 30, 2013

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STATE OF NEW MEXICO
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Official Roster
For the Year Ended June 30, 2013

Board of Directors

Tommy Wallace
Larry Perkins
Glenn Briscoe
Robert D Bruce
Katie Whitson

Chairman
Vice Chairman
Secretary
Supervisor
Supervisor

Staff

Lou Briscoe

District Manager

Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado Clovis, New Mexico

88101 575-763-2245

Independent Accountants' Report On Applying Agreed-Upon Procedures

Tommy Wallace, Chairperson
Canadian River Soil and Water Conservation District
and
Honorable Hector H Balderas
New Mexico State Auditor

I have performed the procedures enumerated below for the Canadian River Soil and Water Conservation District (CRSWCD), for the year ended June 30, 2013. The CRSWCD 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 CRSWCD through the Office of the New Mexico State Auditor. The CRSWCD'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, I 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 CRSWCD has two checking accounts and three certificate of deposit accounts and utilizes QuickBooks to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year.
- b) Bank account balances did not exceed uninsured limits as of June 30, 2013 and, therefore, pledged collateral was not required on any bank account at the end of the year.

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

CRSWCD does maintain a capital assets inventory listing and, did perform an annual inventory as required by Section 12-6-10 NMSA 1978.

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.

Test a sample of the total revenues for 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 revenue type revealed no exceptions.
- b) Amounts recorded on QuickBooks general ledger agrees with deposit tickets, other supporting documentation provided and the bank statements, without any exceptions.
- c) Amounts were properly recorded on cash basis as to classification, amount and period per review of supporting documentation.

4. **Expenditures**

Procedures

Select a sample of cash disbursements and test the total amount of expenditures for 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 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).

Findings

- a) The tests of transactions revealed that amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and check clearing amount, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the 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 13-1-199 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**

Procedures

If non-routine journal entries, such as adjustments or reclassifications, 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

The CRSWCD utilizes QuickBooks to record cash transactions. The results of our tests are as follows:

- a) No journal entries were made for the year.
- b) The CRSWCD has procedures that require journal entries to be reviewed.

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

- 1) Reviewed the minutes and correspondence, to verify that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.

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 Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (1)(3)(C) NMAC.

Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies.

Two of the four quarters governmental gross receipts taxes were calculated incorrect for a total under payment of \$30. See page 9, Findings and Responses, for the detailed finding.

I was 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 a part thereof. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Canadian River 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.

Sandra Rush CPA PC

Sandra Rush, CPA, PC

August 15, 2013

STATE OF NEW MEXICO
 CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Schedule of Revenues and Expenses - Budget and Actual (Non GAAP Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actuals	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
CRRRP administration income	\$ 15,000	\$ 30,455	\$ 30,455	\$ -
Grass drill rental	1,500	1,114	1,114	-
Interest income	700	535	562	27
State allocation	9,000	12,990	12,990	-
Tree planter	50	-	-	-
Trees, drip, weed barrier sales	12,000	6,144	6,144	-
Total revenues	38,250	51,238	51,265	27
Cash balance budgeted	120,583	120,583	120,583	0
Total revenues and cash balance budgeted	158,833	171,821	171,848	27
Expenses:				
Advertising / awards / special events	800	800	357	443
Audit	5,800	5,800	4,325	1,475
Clerk's salary	6,545	6,460	6,460	-
Dues	1,850	1,850	1,775	75
Election expenses	200	200	123	77
FICA, medicare and employment tax	-	468	400	68
Fidelity bond	150	150	131	19
Governmental gross receipts tax	600	600	285	315
Grass drill expense	750	1,711	1,711	-
Information / education / promotion	500	510	510	-
Insurance	1,000	1,000	1,000	-
Mileage / per diem	5,000	5,740	5,705	35
Office equipment / supplies	1,200	1,460	1,326	134
Postage	150	217	217	-
Projects expenses	6,800	3,339	1,030	2,309
Trees, drip, weed barrier expenses	7,800	7,800	4,749	3,051
Total expenses	39,145	38,105	30,104	8,001
Excess revenues and cash balance budgeted over (under) expenses	\$ 119,688	\$ 133,716	\$ 141,744	\$ 8,028

DEPARTMENT OF FINANCE AND ADMINISTRATI
 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.: Canadian River SWCD
 Period Ending: 06/30/13

[Signature]

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT											
FUND (1)	CASH BALANCE PER BOOKS July 1, 2012 (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)
1 GENERAL FUND	37,221.00	51,238.00	(15,000.00)	30,172.00	43,287.00	750.00		(9)	43,570.00	43,570.00	(12)
8 INTERGOVERNMENTAL GRANTS	-	-	-	-	-	-		(451.00)	-	-	-
9 OTHER	-	-	-	-	-	-			-	-	-
0 DEBT SERVICE	-	-	-	-	-	-			-	-	-
GRAND TOTAL	37,221.00	51,238.00	(15,000.00)	30,172.00	43,287.00	750.00		(451.00)	43,570.00	43,570.00	-

USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED

PER NOTES: (Please describe what any reserve requirements are used for).

6 (515) Interest Earned Accrued to Interest Accounts
 +68 PAYROLL TAXES PAYABLE

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Property Tax - Current Year	-	-	-	#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	-	-	-	#DIV/0!
Hazardous Fuels Income	-	-	-	#DIV/0!
Tree, Drip & Weed Barrier	3,404.00	✓ 6,144.31	12,000.00	0.51
Book Sales	-	-	-	#DIV/0!
Rent Revenue	-	✓ 1,114.00	1,550.00	0.72
Brush Control Materials	-	-	-	#DIV/0!
Noxious Weed Program	-	-	-	#DIV/0!
Conservation Sale Items	-	-	-	#DIV/0!
State Allotments	649.48	✓ 12,990.00	9,000.00	1.44
Miscellaneous	-	-	-	#DIV/0!
CRRRP Administrative Income	-	✓ 30,455.00	15,000.00	2.03
Interest Income	86.00	535.00	700.00	0.76
TOTAL GENERAL FUND REVENUES	4,139.48	51,238.31	38,250.00	
Intergovernmental Grants 218				
University Grants	-	-	-	#DIV/0!
Federal Grants	-	-	-	#DIV/0!
State Grants	-	-	#####	-
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!
WTB 208	565,142.00	565,142.00	565,142.00	1.00
WTB 239	600,000.00	600,000.00	600,000.00	1.00
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!
TOTAL OTHER 299	1,165,142.00	1,165,142.00	#####	
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	1,169,281.48	1,216,380.31	#####	

+ 2.6 - per BR 100

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

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Personnel Services, Salaries including Benefits	1,889.00	6,928.00	6,545.00	1.06
GRT Taxes	20.00	285.00	600.00	0.48
Mileage and Per Diem	1,745.00	5,705.00	5,000.00	1.14
Fees and Services Expenses	-	-	-	#DIV/0!
Office Expense	-	866.00	1,000.00	0.87
Building Expenses (e.g. rent/maintenance)	-	-	-	#DIV/0!
Supplies	-	460.00	200.00	2.30
Election Expense	52.00	123.00	200.00	0.62
Education expense	-	510.00	500.00	1.02
Vehicle Expense (Insurance, gas, maintenance)	-	-	-	#DIV/0!
Advertising, Public Relations (e.g. newsletter)	322.00	357.00	800.00	0.45
Annual Audit Expenses	-	4,325.00	5,800.00	0.75
Dues and Board Fees	925.00	1,775.00	1,850.00	0.96
Field Supplies (e.g. Salt Cedar Mechanical Removal)	-	-	-	#DIV/0!
Postage Expense	46.00	217.00	150.00	1.45
Project Expense	(1,341.00)	1,030.00	6,800.00	0.15
Tree, Drip, Weed Barrier Expense	3,430.00	4,749.00	7,800.00	0.61
Training and Workshops	-	-	-	#DIV/0!
Contractual Services Expenses	-	-	-	#DIV/0!
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	-	-	-	#DIV/0!
Grass Drill Reairs	1,192.00	1,711.00	750.00	2.28
TOTAL GENERAL FUND EXPENDITURES	8,280.00	29,041.00	37,995.00	
Intergovernmental Grants Expenditures 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!
Other	-	-	-	#DIV/0!
Total Grant Expenditures				
Other Expenditures 299				
Loan Payments	-	-	-	#DIV/0!
WTB 208	15,006.00	565,142.00	565,142.00	1.00
WTB 239	16,192.00	16,192.00	600,000.00	0.03
Bonding	-	131.00	150.00	0.87
All Other Insurance	-	1,000.00	1,000.00	1.00
Loan Program Expenses Including Loan Repayments	-	-	-	#DIV/0!
Miscellaneous Expenses	-	-	-	#DIV/0!
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-	#DIV/0!
Total Other Expenditures	31,198.00	#####	#####	0.50
Debt Service 400				
Bond Payments Principal	-	-	-	#DIV/0!
Bond Payments- Interest	-	-	-	#DIV/0!
Other Debt Service	-	-	-	#DIV/0!
Total Debt Service Expenditures	-	-	-	#DIV/0!
TOTAL EXPENDITURES Current Quarter	39,478.00	#####	#####	

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

STATE OF NEW MEXICO
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Findings and Responses
Year Ended June 30, 2013

2013-1 Expenditures - Internal Control and Compliance – Material Weakness

Condition

Governmental gross receipts was under reported a total of \$30.05. The gross receipts used to calculate the governmental gross receipts on two (2) of the four (4) quarterly CRS-1 reports was not correct.

Criteria

As used in the Gross Receipts and Compensation Tax Act, 7-9-3.2 NMAC "governmental gross receipts" means receipts of the state or an agency, institution, instrumentality or political subdivision form:

(1) the sale of tangible personal property other than water from facilities open to the general public;

The state imposes a governmental gross receipts tax of 5.00% on the receipts of New Mexico state and local governments.

Cause

Unknown

Effect

The District is in non compliance with the Gross Receipts and Compensating Tax Act, 7-9-3.2 N.

Recommendation

The District should establish a policy that requires the total receipts reported on the CRS-1 report agrees to the general ledger prior to submission to the state.

Response

The District will correct the two (2) CRS-1 reports. In the future the District will verify total receipts per the CRS-1 agree with the general ledger prior to submission to the state.

EXIT CONFERENCE

The report contents were discussed at an exit conference held on August 15, 2013 with the following in attendance:

Canadian River Soil and Water Conservation District

Katie Whitson, Board of Supervisors member
Lou Brisco, District Manager

Accounting Firm

Sandra Rush, CPA

STATE OF NEW MEXICO
 CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Schedule of Findings and Responses
 For the Year Ended June 30, 2013

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current year findings Expenditures	C, D	N/A	2013-1

Follow-up on prior year findings
 N/A

- * Legend for findings
- A. Fraud
 - B. Illegal act(s)
 - C. Internal control deficiency(ies)
 - D. Noncompliance