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State of New Mexico  
Canadian River Soil and Water Conservation District

Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
June 30, 2015

Sandra Rush  
Certified Public Accountant, PC

1101 E Llano Estacado  
Clovis, New Mexico 88101

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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, 2015

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STATE OF NEW MEXICO  
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Official Roster  
For the Year Ended June 30, 2015

Board of Directors

Tommy Wallace  
Larry Perkins  
Glenn Briscoe  
Robert D Bruce  
Tonya Hodges

Chairman  
Vice Chairman  
Secretary  
Supervisor  
Supervisor

Staff

Chelsea Hannink

District Manager

# *Sandra Rush*

*Certified Public Accountant PC*

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*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 Timothy Keller  
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, 2015. 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. My 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) Random test of bank reconciliations revealed the reconciliations were accurate and agreed with the QuickBooks general ledger and with the quarterly financial reports submitted to DFA-LGD.
- c) Bank account balances did not exceed uninsured limits as of June 30, 2015 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 June 30, 2014's Form 941 was paid December 10, 2014, not July 31, 2014, resulting in penalty and interest of \$43.95. 2015-001
- 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

- a) 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 exceeded the final budget \$4,026 at the fund level, the legal level of budgetary control. 2015-002
- c) Schedule of Revenue and Expenses - Budget and Actual (Non GAAP Basis) page 5

## 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.

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 Office of the State Auditor, the New Mexico Legislature, 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  
Clovis New Mexico  
August 18, 2015

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, 2015

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
CRRRP administration income	\$ 2,500	\$ 2,500	\$ 3,728	\$ 1,228
Grass drill rental	3,000	3,000	2,432	(568)
Interest income	525	525	723	198
State allocation	12,000	12,000	14,741	2,741
Miscellaneous income	1,000	1,000	3,472	2,472
Trees, drip, weed barrier sales	4,000	4,000	4,099	99
<b>Total revenues</b>	<b>23,025</b>	<b>23,025</b>	<b>29,195</b>	<b>6,170</b>
Cash balance budgeted	35,438	35,438	35,438	-
<b>Total revenues and cash balance budgeted</b>	<b>58,463</b>	<b>58,463</b>	<b>64,633</b>	<b>6,170</b>
<b>Expenses:</b>				
Advertising / awards / special events	400	400	397	3
Audit	4,540	4,540	4,541	(1)
Clerk's salary	6,950	6,950	9,359	(2,409)
Dues	2,125	2,125	2,709	(584)
Election expenses	200	200	-	200
Equipment repairs and maintenance	1,000	1,000	1,919	(919)
Fidelity bond	150	150	131	19
Governmental gross receipts tax	200	200	144	56
Information / education / promotion	525	525	942	(417)
Insurance	1,000	1,000	900	100
Mileage / per diem	3,300	3,300	3,033	267
Office equipment / supplies	400	400	271	129
Postage	250	250	207	43
Projects expenses	4,500	4,500	4,372	128
Trees, drip, weed barrier expenses	2,000	2,000	2,641	(641)
<b>Total expenses</b>	<b>27,540</b>	<b>27,540</b>	<b>31,566</b>	<b>(4,026)</b>
<b>Excess revenues and cash balance budgeted over (under) expenses</b>	<b>\$ 30,923</b>	<b>\$ 30,923</b>	<b>\$ 33,067</b>	<b>\$ 2,144</b>



Blue / Red Cells in Workbook are Data Entry Cells

DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU

SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM

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.

*Tommy Wallace*  
 (signature line)

Special District: Canadian River SWCID  
 Quarter Ending: 6/30/2015  
 Prepared by: Chelsea Hannink

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE @ JULY 1 (or JAN. 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
GENERAL FUND - Operating (GF)	101	35,438	119,580	29,195	-	31,566	192,647	-	-	-	192,647	192,647	-
INTERGOVERNMENTAL GRANTS	218	-	-	1,91,824	-	618,715	532,709	-	-	-	532,709	532,709	-
OTHER	299	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE	400	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>		<b>\$ 35,438</b>	<b>\$ 119,580</b>	<b>\$ 1,180,619</b>	<b>\$ -</b>	<b>\$ 650,281</b>	<b>\$ 685,356</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 685,356</b>	<b>\$ 685,356</b>	<b>\$ -</b>

**SPECIAL DISTRICT: Canadian River SWCD**  
**QUARTER ENDING: 6/30/15**

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
<b>General Fund 101 ( enter items below )</b>			
CRRRP Administrative Income	-	3,728	2,500
Equipment Rental	817	2,432	3,000
Interest Income	181	723	525
State Allocation	737	14,741	12,000
Tree, Drip, Weed Barrier Sale	1,631	4,099	4,000
Miscellaneous Income (seed commission)	447	3,472	1,000
	-	-	-
	-	-	-
<b>Subtotal General Fund Revenues</b>	<b>\$ 3,813</b>	<b>\$ 29,195</b>	<b>\$ 23,025</b>
Other Financing Sources: Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 3,813</b>	<b>\$ 29,195</b>	<b>\$ 23,025</b>
<b>Intergovernmental Grants 218 ( enter items below )</b>			
WTB #265/NMFA	-	551,424	551,424
WTB #303/NMFA	600,000	600,000	600,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>Subtotal Intergovernmental Grants Revenues</b>	<b>\$ 600,000</b>	<b>\$ 1,151,424</b>	<b>\$ 1,151,424</b>
Other Financing Sources: Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL INTERGOV. GRANT REVENUES</b>	<b>\$ 600,000</b>	<b>\$ 1,151,424</b>	<b>\$ 1,151,424</b>
<b>Other 299 ( enter items below )</b>			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>Subtotal Other 299 Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Other Financing Sources: Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL OTHER REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service 400</b>			
<b>General Obligation Bonds</b>			
General Obligation - (Property tax)	-	-	-
Investment Income	-	-	-
Other - Misc	-	-	-
<b>Revenue Bonds</b>			
Bond Proceeds	-	-	-
Revenue Bonds - GRT	-	-	-
Investment Income	-	-	-
Revenue Bonds - Other	-	-	-
Miscellaneous(NMFA, BOF, etc.)	-	-	-
	-	-	-
	-	-	-
<b>Subtotal Debt Service Fund Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Other Financing Sources: Transfers In	-	-	-
Transfers Out	-	-	-
<b>Total Transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL DEBT SERVICE REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>GRAND TOTAL REVENUES</b>	<b>\$ 603,813</b>	<b>\$ 1,180,619</b>	<b>\$ 1,174,449</b>

**SPECIAL DISTRICT: Canadian River SWCD**  
**QUARTER ENDING: 6/30/15**

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
<b>General Fund 101 ( enter items below )</b>			
Advertising	190	397	400
Annual Audit	-	4,541	4,540
Clerk's Salary	4,002	8,916	6,400
Dues	-	1,600	1,625
Election Expense	-	-	200
Equipment Repair & Maintenance	1,177	1,919	1,000
Fidelity Bond	-	131	150
Governmental Gross Receipts Tax	-	144	200
Infomartion/Education/Promotions	323	942	525
Insurance	-	900	1,000
Mileage & Per Diem	536	3,033	3,300
Office Supplies	84	271	400
Payroll Taxes	(17)	443	550
Postage	30	207	250
Projects Expenses	437	4,372	4,500
Registration Fees	69	1,109	500
Tree, Drip, Weed Barrier Expense	2,576	2,641	2,000
<b>TOTAL GENERAL FUND EXPENDITURES</b>	\$ 9,407	\$ 31,566	\$ 27,540
<b>Intergovernmental Grants 218 ( enter items below )</b>			
WTB #265/NMFA	-	551,424	551,424
WTB #303/NMFA	67,291	67,291	600,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>TOTAL INTERGOV. GRANT EXPENDITURES</b>	\$ 67,291	\$ 618,715	\$ 1,151,424
<b>Other 299 ( enter items below )</b>			
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>TOTAL OTHER EXPENDITURES</b>	\$ -	\$ -	\$ -
<b>Debt Service 400</b>			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	\$ -	\$ -	\$ -
<b>GRAND TOTAL EXPENDITURES</b>	\$ 76,698	\$ 650,281	\$ 1,178,964

STATE OF NEW MEXICO  
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Findings and Responses  
Year Ended June 30, 2015

2015-001 Expenses and Expenditures - Internal Control and Compliance - Significant Weakness

Condition

Internal Revenue Service Form 941 for FICA and federal income tax withholding for the quarter ended June 30, 2014 was not filed until December 2014.

Criteria

According to Circular E issued by the Internal Revenue Service, for 941 is due by the last day of the month following the end of the quarter.

Cause

The district manager forgot to file the form.

Effect

The District is not in compliance with federal laws which specify certain due dates for payroll reports. The District was assessed a penalty of \$43.95.

Recommendation

The District should implement procedures to insure all payroll reports are filed timely.

Agency response

The District Manager is committed to file timely reports and eliminate all unnecessary penalties. All future reports will be filed timely beginning with the quarter ending September 31, 2015.

STATE OF NEW MEXICO  
CANADIAN RIVER SOIL AND WATER CONSERVATION DISTRICT

Findings and Responses  
Year Ended June 30, 2015

2015-002          Budgetary Compliance - Internal Control and Compliance - Significant Deficiency

Condition

The District's expenditures at the fund level exceeded the final budget amount

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control.

Cause

Actual expenditures exceeded budgeted expenditures.

Effect

The District is not in compliance with New Mexico regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978.

Recommendation

The District should establish a policy of budgetary review and make necessary budget adjustments as needed to insure expenditures do not exceed budgeted amounts

Response

Beginning September 1, 2015, the District Manager will monitor actual expenditures to verify they do not exceed available budgeted amounts.

EXIT CONFERENCE

The report contents were discussed at an exit conference held on August 18, 2015 with the following in attendance:

Canadian River Soil and Water Conservation District

Robert D Bruce, Supervisor

Chelsea Hannink, 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, 2015

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current year findings			
Expenses and Expenditures	C, D	N/A	2015-001
Budgetary Compliance	C, D	N/A	2015-002

Follow-up on prior year findings  
 None

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