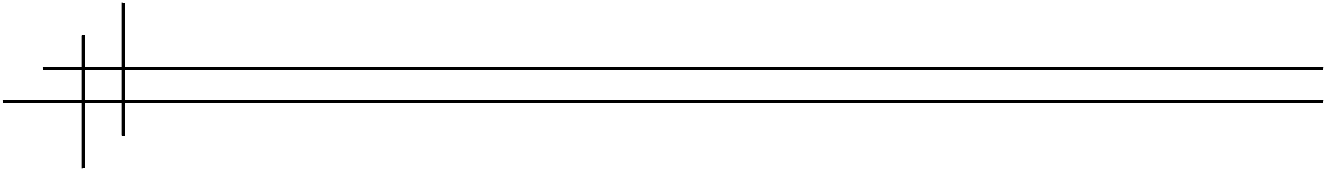


State of New Mexico
Canadian River Soil and Water Conservation District
Tucumcari, New Mexico

Annual Financial Report
June 30, 2016

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, NM 88101



State of New Mexico
Canadian River Soil and Water Conservation District
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 For the Year Ended June 30, 2016

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State of New Mexico
Canadian River Soil and Water Conservation District
Official Roster
June 30, 2016

Board of Supervisors

Tommy Wallace	Chairperson
Larry Perkins	Vice-Chairperson
Tonya Hodges	Secretary/Treasurer
Glenn Briscoe	Supervisor
Robert Bruce	Supervisor

District Personnel

Chelsea Muncy	Administrative Assistant
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De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board of Supervisors of the Canadian River Soil and Water Conservation District

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue fund of Canadian River Soil and Water Conservation District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund of the District as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

De'Ann Willoughby CPA PC

Clovis, New Mexico
December 15, 2016

State of New Mexico
Canadian River Soil and Water Conservation District
Government-Wide Statement of Net Position
June 30, 2016

Assets	Governmental Activities
Current Assets	
Cash and Cash Equivalents	\$ 170,659
Accounts Receivable (net of allowance for uncollectibles)	304
Total Current Assets	<u>170,963</u>
Noncurrent Assets	
Capital Assets	28,000
Less: Accumulated Depreciation	<u>(28,000)</u>
Total Noncurrent Assets	<u>0</u>
 Total Assets	 <u>170,963</u>
Liabilities	
Current Liabilities	
Accounts Payable	0
Accrued Salaries and Benefits	<u>0</u>
Total Current Liabilities	<u>0</u>
 Total Liabilities	 <u>0</u>
Net Position	
Restricted	0
Unrestricted	<u>170,963</u>
Total Net Position	<u>\$ 170,963</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2016

	Governmental Activities
Program Expenses	
Personnel Services	\$ 8,712
Conservation Programs	791,303
Operating Expenses	20,691
Total Program Expenses	<u>820,706</u>
Program Revenues	
Conservation Grants-State	681,738
Conservation Grant-Federal	105,579
Sale of Conservation Materials	11,299
Administrative	19,740
Miscellaneous	5,262
	<u>823,618</u>
Net Program (Expense) Revenue	<u>2,912</u>
General Revenues	
State Allocation	14,674
Interest Income	729
	<u>15,403</u>
Change in Net Position	18,315
Net Position at Beginning of Year	<u>152,648</u>
Net Position at End of Year	<u>\$ 170,963</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
 Governmental Funds
 Balance Sheet
 June 30, 2016

	<u>Special Revenue</u>		
	<u>General</u>	<u>Grants</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 170,659	\$ 0	\$ 170,659
Receivable	304	0	
Total Assets	<u>\$ 170,963</u>	<u>\$ 0</u>	<u>\$ 170,963</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for Special Fund	0	0	0
Unrestricted	<u>170,963</u>	<u>0</u>	<u>170,963</u>
Total Fund Balances	<u>170,963</u>	<u>0</u>	<u>170,963</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 170,963</u>	<u>\$ 0</u>	<u>\$ 170,963</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balance - Governmental Funds \$ 170,963

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$ 28,000	
Accumulated Depreciation	<u>(28,000)</u>	<u>0</u>

Total Net Position - Governmental Activities \$ 170,963

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2016

	<u>Special Revenue</u>		
	<u>General</u>	<u>Grants</u>	<u>Total</u>
Revenues			
Administration Fees	\$ 19,740	\$ 0	\$ 19,740
State Allocation	14,674	0	14,674
Conservation Grants	0	787,317	787,317
Sale of Conservation Materials	11,299	0	11,299
Interest Income	729	0	729
Miscellaneous	5,262	0	5,262
Total Revenues	<u>51,704</u>	<u>787,317</u>	<u>839,021</u>
Expenditures			
Current			
Advertising	145	0	145
Professional Fees	4,552	2,144	6,696
Conservation	8,505	782,798	791,303
Dues	1,650	0	1,650
Equipment Repairs	3,191	0	3,191
Insurance	1,031	0	1,031
Office	595	1,284	1,879
Personnel Services	8,712	0	8,712
Public Education	454	0	454
Taxes	196	0	196
Training and Travel	4,358	1,091	5,449
Total Expenditures	<u>33,389</u>	<u>787,317</u>	<u>820,706</u>
Excess (Deficiency) of Revenues Over Expenditures	18,315	0	18,315
Fund Balances at Beginning of Year	<u>152,648</u>	<u>0</u>	<u>152,648</u>
Fund Balance End of Year	<u>\$ 170,963</u>	<u>\$ 0</u>	<u>\$ 170,963</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 to the Statement of Activities
 June 30, 2016

Net Change in Fund Balance-Governmental Funds	\$	18,315
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	0	
Capital Outlays	0	0
	0	0

Changes in Net Position of Governmental Activities	\$	<u>18,315</u>
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The notes to the financial statements are an integral part of this statement.

State of New Mexico

General Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Administration Fees	\$ 20,000	\$ 20,000	\$ 19,436	\$ (564)
State Allocation	12,000	12,000	14,674	2,674
Sale of Conservation Materials	20,000	20,000	11,299	(8,701)
Interest Income	150	150	729	579
Miscellaneous	500	500	5,262	4,762
Total Revenues	<u>52,650</u>	<u>52,650</u>	<u>51,400</u>	<u>(1,250)</u>
Expenditures				
Advertising	200	200	145	55
Professional Fees	5,000	5,000	4,552	448
Conservation	28,700	28,700	8,505	20,195
Dues	1,500	1,500	1,650	(150)
Equipment Repairs	5,000	5,000	3,191	1,809
Insurance	1,000	1,000	1,031	(31)
Office	500	500	595	(95)
Personnel Services	5,000	5,000	8,712	(3,712)
Public Education	500	500	454	46
Taxes	250	250	196	54
Training and Travel	5,000	5,000	4,358	642
Total Expenditures	<u>52,650</u>	<u>52,650</u>	<u>33,389</u>	<u>19,261</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	18,011	18,011
Cash Balance Beginning of Year	<u>152,648</u>	<u>152,648</u>	<u>152,648</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 152,648</u>	<u>\$ 152,648</u>	<u>\$ 170,659</u>	<u>\$ 18,011</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,011	
Net Change in Accounts Receivable			<u>304</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 18,315</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Special Revenue-Grants Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
NM Environment Department	66,604	66,604	40,988	(25,616)
NM Department of Game & Fish	1,000,000	1,000,000	74,700	(925,300)
USDA Forest Service	133,000	133,000	105,579	(27,421)
Water Trust Board	600,000	600,000	532,709	(67,291)
Total Revenues	1,799,604	1,799,604	753,976	(1,045,628)
Expenditures				
Fiscal Management	30,000	30,000	19,740	10,260
Project Management	203,000	203,000	144,911	58,089
Conservation	1,566,604	1,566,604	589,325	977,279
Total Expenditures	1,799,604	1,799,604	753,976	1,045,628
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Canadian River Soil and Water Conservation District
Notes to the Financial Statements
June 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Canadian River Soil and Water Conservation District (District) is organized under the provisions of the Soil and Water Conservation District Act (73-20-25 through 73-20-49 NMSA 1978). The District is a governmental subdivision of the state, a public body corporate and politic, organized for control and prevention of flood, sediment, and soil erosion damage, and to further the conservation, development and beneficial use of water and soil resources. The governing body of the District consists of five elected supervisors, four of whom must be landowners in the District. Two additional supervisors may be appointed to the district board. Supervisors serve a term of three years and continue in office until a successor is elected or appointed.

The financial reporting entity as defined by GASB 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations whose exclusion from the financial reporting entity would cause the financial statements to be misleading.

A primary government is any state government or general-purpose local government and the organizations comprising its legal entity. Although the District is organized as a subdivision of the State and administratively attached to the New Mexico State University, Department of Agriculture, the statutory powers of the District establish it as a primary government with a separate corporate and legal identity. The District has no component units, financially dependent affiliates, nor is it legally liable for actions of other agencies.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). To enhance the usefulness of the financial statements, the significant policies of the District are summarized below.

B. Government-Wide and Fund financial Statements

The government-wide financial statements (i.e., the statement of net position) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. However, the District does not have any fiduciary or business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) sales of chemicals to customers and 2) contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

State of New Mexico
Canadian River Soil and Water Conservation District
Notes to the Financial Statements
June 30, 2016

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any are recorded only when payment is due.

Grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. The District does not have the information regarding the uncollected delinquent property taxes and thus has not recorded its share of this receivable as called for by GASB Statement 33.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Grant Fund with includes conservation grants for various sources, federal, state and local match. The authority for the fund is by provisions of the grant agreements.

As a general rule, the effect of interfund activity, if applicable, has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Net Position and Fund Balance

Cash and Investments

The District's cash consists of demand deposits.

Capital Assets

Capital assets, which include property, equipment (including software), farm equipment and furniture are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by state law as assets with an initial cost of \$5,000 and an estimated useful life of more than one year. The total amounts spent for construction, if any, are capitalized and reported in the government-wide financial statements. For donations, the government values these capital assets at the estimated fair value of the item at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Vehicles and Equipment	10 years
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State of New Mexico
Canadian River Soil and Water Conservation District
Notes to the Financial Statements
June 30, 2016

Net Position and Fund Balance

The difference between the District's assets and liabilities is its net position. The District's net position consist of four components — invested in capital assets, which is the cost of capital assets, net of accumulated depreciation, restricted for the loan program and unrestricted net position. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation and/or are legally restricted by outside parties for use for a specific purpose. A portion of the fund balance has been reserved for the loan program. The loan program resources have been classified as restricted assets on the Statement of Net Position because their use is restricted by the lender.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The budget is prepared on a basis that differs from accounting principles generally accepted in the United States of America (GAAP). GAAP basis revenues and expenditures include accrued amounts. The revenues and expenditures reported in the budgetary comparisons are generally recorded on the cash basis. The District uses the following procedures to establish the budgeted amounts reflected in the budgetary comparisons:

1. Prior to April 1, the Budget Committee submits to the District Board of Supervisors a proposed revenue and expenditure budget for the fiscal year beginning July 1.
2. The Board reviews the budget proposal and makes any necessary adjustments.
3. Prior to June 1, the Board approves the budget by passing a resolution.
4. Prior to June 20, the approved budget is submitted to the State of New Mexico, Department of Finance and Administration, Local Government Division (DFA-LGD) for approval by the first Monday of September. The Board receives notice of the approved budget.

The legal level at which actual expenditures may not exceed budgeted expenditures is at the total fund level. The Board can revise its budget with the approval of DFA-LGD. There were no changes made to the budget during the fiscal year. Encumbrance accounting is not utilized by the District.

B. Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis Financial Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual statement.

State of New Mexico
Canadian River Soil and Water Conservation District
Notes to the Financial Statements
June 30, 2016

III. Detailed Notes on all Funds

A. Cash and Investments

	Account Type	Bank Balance 6/30/16	Reconciled Balance 6/30/16
Citizens Bank			
Canadian River SWCD	Checking-Interest bearing	\$ 81,104	\$ 81,104
		81,104	\$ 81,104
	Less: FDIC coverage	(81,104)	
	Amount uninsured	\$ 0	
First National Bank			
Canadian River SWCD	Checking-Interest bearing	\$ 49,627	\$ 49,627
Canadian River SWCD	Savings	25,017	25,017
		74,644	\$ 74,644
	Less: FDIC coverage	(74,644)	
	Amount uninsured	\$ 0	
Tucumcari Federal Savings and Loan			
Canadian River SWCD	Savings	\$ 14,861	\$ 14,861
		14,861	\$ 14,861
	Less: FDIC coverage	(14,861)	
	Amount uninsured	\$ 0	

Custodial Credit Risk — Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2016 none of the Districts bank balances of \$170,659 were exposed to custodial credit risk.

B. Capital Assets

	Beginning Balance 6/30/15	Additions	Deletions	Ending Balance 6/30/16
Capital Assets, being Depreciated				
Equipment	\$ 28,000	\$	\$ 0	\$ 28,000
Total Capital Assets, being Depreciated	28,000	0	0	28,000
Less Accumulated Depreciation				
Equipment	28,000	0	0	28,000
Total Accumulated Depreciation	28,000	0	0	28,000
	\$ 0	\$ 0	\$ 0	\$ 0

Depreciation expense was charged to governmental activities as follows:

Conservation	\$ 0
Total depreciation expenses	\$ 0

State of New Mexico
Canadian River Soil and Water Conservation District
Notes to the Financial Statements
June 30, 2016

IV. Other Information

B. Risk Management

The District is exposed to various risks of loss due to torts, theft or damage of assets, errors and omissions and natural disasters. The District's supervisors and employees are covered by an errors and omissions liability policy purchased by the New Mexico State University, Department of Agriculture, to which the District is administratively attached. The limits for this policy are \$1,000,000 for each wrongful act and \$1,000,000 for the policy aggregated. The District is required to obtain a corporate fidelity bond on behalf of persons responsible for District assets. The District currently maintains a \$100,000 fidelity bond on its Program Director and Board of Supervisors. The District has not sustained any losses during the last several years and is not a defendant in any lawsuit.

C. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at the time, although the government expects such amounts, if any to be immaterial.

D. Subsequent Events

Subsequent events were evaluated through December 15, 2016, which is the date the financial statements were available to be

Other Supplemental Information

Canadian River Soil and Water Conservation District

Vendor Schedule

For the Year Ended June 30, 2016

<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
Mechanical-CR	Competitive (RFP or RFB)	Boss Reclamation, LLC	Winner	\$100,000.00	\$209,061.98	Ruidoso, NM	Yes		Mechanical Mastication	N/A
Aerial	Competitive (RFP or RFB)	Northstar Helicopter	Winner	\$280,500.00		Jasper, TX	Yes		Aerial Treatment	N/A
Aerial	Competitive (RFP or RFB)	Lohman Helicopter, LLC	Loser			Kendrick, ID	Yes			N/A
Hand Treatment	Competitive (RFP or RFB)	Alamo Navajo Band	Winner	\$48,448.00	\$99,968.53	Alamo, NM	Yes		Hand Treatment	N/A
Hand Treatment	Competitive (RFP or RFB)	Rocky Mountain Youth Corp	Loser			Steamboat Springs, CO	Yes			N/A
Project Management	Competitive (RFP or RFB)	Jack Chatfield	Winner	\$97,152.00		Mosquero, NM	Yes		Project Management	N/A

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Tim Keller

State Auditor of the State of New Mexico

Board of Supervisors of the Canadian River Soil and Water Conservation District

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the budgetary comparisons of the general and major special revenue fund of Canadian River Soil and Water Conservation District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 CPA PC

Clovis, New Mexico
December 15, 2016

STATE OF NEW MEXICO
Canadian River Soil and Water Conservation District
Schedule of Findings and Responses
June 30, 2016

Prior Year Audit Findings

None

Status
Resolved

Current Year Audit Findings

None

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on December 15, 2016. Those present were, Larry Perkins-Vice Chairman and De'Aun Willoughby, CPA.