

**STATE OF NEW MEXICO
SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS, and
AGREED UPON PROCEDURES
Fiscal Year Ended June 30, 2010**

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
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JUNE 30, 2010

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STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
OFFICIAL ROSTER
JUNE 30, 2010

Board of Supervisors

Position

Richard Ritter

Chairperson

Mark Person

Vice-Chairperson

Chris Lopez

Secretary/Treasurer

Edward Harris

Supervisor

Gordon Herkenhoff

Supervisor

Open Position

Supervisor

Open Position

Supervisor

District Personnel

Title

Nyleen H. Troxel Stowe

Director of Special Projects

William Kolbenschlag

Range Technician

Belle Rehder

Administrative Assistant

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

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bppccpa@sdcc.org

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Mr. Hector Balderas, State Auditor, and
Mr. Richard Ritter, Chairperson
and Members of the Board of Supervisors
Socorro Soil and Water Conservation District
103 Francisco de Avondo
Socorro, New Mexico 87801

We have compiled the accompanying financial statements of the governmental activities and each fund of the Socorro Soil and Water Conservation District, Socorro, New Mexico, ("the District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. A compilation is limited to representing in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Socorro Soil and Water Conservation District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

INDEPENDENT ACCOUNTANTS' REPORT, continued

The schedules and budgetary comparison statements, listed as supplemental information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

A handwritten signature in black ink that reads "Beckham & Penner P.C." in a cursive script.

Beckham & Penner, P.C.
Certified Public Accountants
May 8, 2013

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit 1

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 196,179
Accounts receivable	2,201
Inventory	21,872
Prepaid Insurance	3,292
Notes receivable	58,106
Capital assets, net	<u>72,670</u>
 Total Assets	 <u>354,320</u>
Liabilities	
Accounts payable	1,266
Accrued payroll & taxes	7,331
Accrued compensated absences	10,907
Notes Payable:	
Due within one year	6,472
Due in more than one year	<u>55,384</u>
 Total Liabilities	 <u>81,360</u>
Net Assets	
Invested in capital assets	72,670
Restricted for Debt Service	7,585
Restricted for Special Projects	9,669
Unrestricted	<u>183,036</u>
 Total Net Assets	 <u>\$ 272,960</u>

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 2
Governmental
Activities

Program Expenses:	
Conservation:	
Salaries & Benefits	\$ 125,336
Advertisements & Awards	478
Audit fees	9,832
Automobile fuel & maintenance	6,695
Dues & fees	2,965
Supplies	9,389
Project costs-Cost Share Program	24,921
Project costs- State & Federal Grants	304,167
Project costs-Noxious weed	2,747
Community Awareness Projects	815
Soil Stewardship Material	677
Rent & Utilities	14,336
Telephone	4,598
Travel and per diem	917
Meeting expenses	1,131
Insurance	5,838
Interest expense	1,704
Depreciation expenses	24,786
Total Program expenses	<u>541,332</u>
Program Revenue:	
Charges for services	66,998
Operating grants and contracts	340,695
Total program revenues	<u>407,693</u>
Net program (expense) revenue	<u>(133,639)</u>
General Revenues and Special Items:	
Property Taxes	145,083
Gain on sale of capital assets	6,983
Miscellaneous Income	534
Interest	2,048
Total general revenues & special items	<u>154,648</u>
Change in net assets	21,009
Net assets, beginning of year	<u>251,951</u>
Net assets, end of year	<u>\$ 272,960</u>

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	LRGSCCP Fund	Exhibit 3 Governmental TOTAL
Assets			
Cash and cash equivalents	\$ 186,510	\$ 9,669	\$ 196,179
Accounts receivable	2,201	-	2,201
Inventory	21,872	-	21,872
Prepaid expenses	3,292	-	3,292
Total Assets	\$ 213,875	\$ 9,669	\$ 223,544
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 1,266	\$ -	\$ 1,266
Accrued payroll & taxes	7,331	-	7,331
Total Liabilities	8,597	-	8,597
Fund Balance:			
Restricted for debt services	7,585	-	7,585
Restricted for Special Projects	-	9,669	9,669
Unrestricted	197,693	-	197,693
Total Fund Balance	205,278	9,669	214,947
Total Liabilities and Fund Balance	\$ 213,875	\$ 9,669	\$ 223,544

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Amounts reported for governmental activities in the Statement of Net Assets are different from the way they are reported in the Balance Sheet – Governmental Funds as follows:

Fund Balance-Balance Sheet (Exhibit 3)	\$	214,947
<p>Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.</p>		
Capital assets, Net of accumulated depreciation		72,670
<p>Certain long-term assets are not reported in this fund financial statement because they are not available to pay current period expenditures, but they are reported as assets in the statement of net assets.</p>		
Note Receivable		58,106
<p>Certain liabilities (such as notes payable and accrued expenses) are not reported in this fund financial statement because they are not due and payable, but they are presented as liabilities in the statement of net assets.</p>		
Accrued compensated absences		(10,907)
Notes payable		(61,856)
		(72,763)
Net Assets-Statement of Net Assets (Exhibit 1)	\$	272,960

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	LRGSCCP	Exhibit 4 TOTAL
Revenue and Other Receipts			
Charges for Services	\$ 66,998	\$ -	\$ 66,998
State and Federal Grants	52,993	287,702	340,695
Property taxes	145,083	-	145,083
Interest Income	759	26	785
Gain on sale of capital assets	6,983	-	6,983
Miscellaneous Income	534	-	534
Loan Repayments Received	6,730	-	6,730
Total Revenue and Other Receipts	280,080	287,728	567,808
Expenditures and Other Charges			
Conservation:			
Salaries & Benefits	123,282	-	123,282
Advertisements & Awards	478	-	478
Audit fees	9,832	-	9,832
Automobile fuel & maintenance	6,695	-	6,695
Dues and fees	2,965	-	2,965
Supplies	9,390	-	9,390
Project costs-Cost Share Program	24,921	-	24,921
Project costs-State and Federal Grants	5,948	298,219	304,167
Project costs-Noxious weed Program	2,747	-	2,747
Soil Stewardship Material	815	-	815
Community Awareness Projects	677	-	677
Rent & Utilities	14,336	-	14,336
Telephone	4,598	-	4,598
Travel & per diem	917	-	917
Meeting expenses	1,131	-	1,131
Insurance	5,838	-	5,838
Capital outlay	55,522	-	55,522
Debt payment-Principal	6,314	-	6,314
Debt payment-Interest	1,704	-	1,704
Total expenditures and Other Charges	278,110	298,219	576,329
Net change in fund balance	1,970	(10,491)	(8,521)
Fund Balance, beginning of year	203,308	20,160	223,468
Fund Balance, end of year	\$ 205,278	\$ 9,669	\$ 214,947

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balance-Governmental Funds (Exhibit 4) \$ (8,521)

Amount reported in the Statement of Activities are different because:

In the Statement of Activities, compensated absences are measured by the net amount earned during the year. However, in the governmental funds, expenditures for these items are measured by the amount of financial resources used (actually paid). The change for the liability not recorded in the Governmental Funds is: (2,053)

Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of capital outlay is presented as assets and depreciated over the useful life of the assets as follows:

Capital Outlay - Purchase of Capital Assets	55,522
Depreciation Expense of Capital Assets	(24,786)

Repayment of principal on notes receivable is reported as revenue and other receipts in the Governmental Funds, but repayment reduces the assets in the Statement of Net Assets. This is the amount of principal received in the current year. (4,597)

Change in interest accrued on notes receivable from the last payment date until year end. (870)

Repayment of principal on long-term debt (notes payable) is reported as an expenditure and other charges in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of principal paid in the current year. 6,314

Change in Net Assets-Statement of Activities (Exhibit 2)	\$ 21,009
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See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Socorro 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 seven elected supervisors, four of whom must be landowners in the District. Three additional supervisors are 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 assets) report information on all of the non-fiduciary 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 a significant extent on fees and charges for support. However, the District does not have any business-type activities or fiduciary funds. Each individual governmental fund is reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants from federal and state sources, and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, and 3) capital grants and contributions. Property 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 statements 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.

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 60 days of the end of the current fiscal period. Expenditures are generally recorded when a 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.

Property taxes 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.

Governmental funds are used to account for the District's general governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The District reports the following governmental funds:

The general fund is the District's operating fund. It accounts for all financial resources of the general government that are not required to be accounted for in any other fund. The general fund also accounts for the District's Low Interest Loan program. The District receives low interest loans from the New Mexico Interstate Stream Commission (NMISC) to lend landowners in the District funds at low interest rates to finance conservation projects on their property pursuant to the provisions of section 72-14-20 NMSA 1978.

The Lower Rio Grande Salt Cedar Control Project (LRGSCCP) fund was set up to account for the District's involvement in special projects. Financial resources are provided by state and federal grants and are restricted to expenditures for specific purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to apply FASB pronouncements issued after November 30, 1989.

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 and Liabilities

1. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of demand deposits and short term investments (certificates of deposit) with original maturities of twelve months or less from the date of acquisition.

State statutes authorize the district to invest in obligations of the U.S. Treasury, repurchase agreements, certificates of deposit and the State Treasurer's Investment Pool. Investments for the government, if applicable, are reported at fair value.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. Accounts Receivable and Accounts Payable

Accounts receivable consist of \$2,201 for property tax receivable.

Property taxes attach an enforceable lien as of January 1. Taxes are payable in equal semi-annual installments on November 10 and April 10 of the subsequent year. The taxes became delinquent thirty days after the due date. The taxes are collected by the Socorro County Treasurer and are remitted to the District in the month following collection.

The District's accounts payable represent routine monthly bills for service rendered and products purchased in the current years which are paid for in the next fiscal year. Total accounts payable at year-end were \$1,266; accrued payroll and related liabilities at year end were \$7,331.

3. Capital Assets

Capital assets, which include property and equipment (including software), 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 District 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	5 years
Field equipment & Storage	7 years
Computer equipment	3 years

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

4. Compensated Absence

It is the District's policy to permit employees to accumulate earned but unused vacation, compensable time and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay and compensable time is accrued when incurred in the government-wide financial statements. Generally, a current liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of resignations and retirements.

According to the District policy full-time employees accrue annual leave at four, six or eight hours per pay period, depending on the years of service. Compensable time earned is hours worked in excess of eight hours per day or forty hours per week.

5. Net Assets and Fund Balance

The difference between the District's assets and liabilities is its net assets. The District's net assets consist of three components – invested in capital assets, which is the cost of capital assets, net of accumulated depreciation; restricted net assets which are liquid assets and have third-party (statutory, bond covenant or granting agency) limitations on their use; and unrestricted net assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Certain proceeds (Low Interest Loan from New Mexico Interstate Stream Commission) set aside for their repayment, are classified as reserved for debt service on the balance sheet because they are maintained in separate bank accounts and their use is limited by the applicable loan agreements. The fund balances of the projects in the LRGSCCP Fund are restricted by the grant agreements to be used only for the projects for which the grants were intended. Unrestricted fund balance designations may be established to indicate tentative plans for financial resource utilization in a future period. The District uses available cash resources to balance the subsequent year budget.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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. Encumbrance accounting is not utilized by the District.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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

Non-GAAP Revenue - Supplemental Sch - General Fund	\$ 279,386
Non-GAAP Revenue - Supplemental Sch -LRGSCCP Fund	287,728
Prior Year Receivables	(1,507)
Current Year Receivables	2,201
Prior Year Notes Receivable	(62,703)
Current Year Notes Receivable	58,106
Prior Year Interest Receivable	(870)
GAAP Revenues (Exhibit 2)	<u>\$ 562,341</u>

Non-GAAP Expenditures - Supplemental Sch - General Fund	\$ 279,398
Non-GAAP Expenditures - Supplemental Sch - LRGSCCP Fund	298,219
Prior Year Accounts & Payroll Liabilities Payable	(15,908)
Current Year Accounts & Payroll Liabilities Payable	8,597
Change in Inventory	5,467
Prior Year Prepaid Expense	3,848
Current Year Prepaid Expenses	(3,292)
Current Year Depreciation Expense	24,786
Current Year Debt Repayment	(6,314)
Current Year Equipment Purchases	(55,522)
Change in Compensated Absences	2,053
GAAP Expenditures (Exhibit 2)	<u>\$ 541,332</u>

III. Detailed Notes on all Funds

A. Cash, Cash Equivalents and Investments

As of June 30, 2010, the District had a carrying amount of deposits of \$196,179. The bank balances for deposits were \$200,580, all at local banks. The difference between the carrying amount and the bank balance of deposits is due to deposits in transits of -0- and outstanding checks of \$4,401. The total bank balance of \$200,580 consisted of the following:

	<u>First State Bank</u>
Demand Deposits	\$ 124,687
Less: FDIC Coverage	<u>(124,687)</u>
Amount Uninsured	<u>\$ -</u>
Pledged securities at fair market value	\$ 502,298
50% collateral requirement	-
Over (Under) Collateralized	<u>\$ 502,298</u>

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The following is a description of the pledge collateral that are held under joint safekeeping receipts in the name of the District at First State Bank of Socorro: FFCB Non CBL, Cusip #31331V214, par value \$500,000, market value \$502,298.

	Bank of America
Certificates of Deposit	\$ 75,893
Less: FDIC	(75,893)
Amount Uninsured	<u>\$ -</u>
Pledged securities at fair market value	\$ -
50% collateral requirement	-
Over (Under) Collateralized	<u>\$ -</u>

Custodial Credit Risk – Deposits. Custodial Credit Risk is the risk that in the event of a bank failure certain cash balances which are uninsured could be lost. The District does not have a deposit policy for custodial credit risk. However, none of the District’s deposits are subject to custodial credit risk.

Schedule of Cash, as reported in Financial Statements:

General Fund	\$ 186,510
LRGSCCP Fund	<u>9,669</u>
TOTAL	<u>\$ 196,179</u>

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

B. Notes Receivable

The District borrowed funds from the State of New Mexico Interstate Stream Commission for the purpose of having a program for conservation of water for irrigation purpose, and in turn, lend these funds to individual landowners in the District. The District's note receivable balance as of June 30, 2010 represents monies owed to the District by landowners for such projects promoting water conservation. The loan agreements between the District and its landowners are secured by a duly recorded mortgage or other legal encumbrance on the property, real or personal, of the landowner. The District considers the loans to be fully collectible and does not consider that an allowance for doubtful accounts is necessary at June 30, 2010.

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

<u>Description</u>	<u>Balance 6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2010</u>
Government Activities:				
Non-Depreciable Capital Assets				
NONE	\$ -	\$ -	\$ -	\$ -
Depreciable Capital Assets				
Vehicles	47,457	-	-	\$ 47,457
Field Equipment & Storage	64,909	55,522	15,400	\$ 105,031
Computer Equipment	21,425	-	-	\$ 21,425
Totals-Depreciable Capital Assets	<u>\$ 133,791</u>	<u>\$ 55,522</u>	<u>\$ 15,400</u>	<u>\$ 173,913</u>
Less: Accumulated depreciation				
Vehicles	33,229	5,692	-	\$ 38,921
Field Equipment & Storage	42,075	15,847	15,400	\$ 42,522
Computer Equipment	16,553	3,247	-	\$ 19,800
Total Accumulated depreciation	<u>\$ 91,857</u>	<u>\$ 24,786</u>	<u>\$ 15,400</u>	<u>\$ 101,243</u>
Net depreciable capital assets	<u>\$ 41,934</u>	<u>\$ 30,736</u>	<u>\$ -</u>	<u>\$ 72,670</u>
Net capital assets	<u>\$ 41,934</u>	<u>\$ 30,736</u>	<u>\$ -</u>	<u>\$ 72,670</u>

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

D. Interfund Receivables, Payable and Transfers

The District does not have interfund balances and interfund transfers reported in the fund financial statements.

E. Long-Term Debt

Note Payable

The District entered into loan agreement with the New Mexico Interstate Stream Commission on January 4, 2000 for the purpose of lending funds to landowners in the District for water conservation projects. The terms of the agreement are as follows:

Amount of Loan	\$ 50,000
Interest	2 ½ percent per annum
Years	20 (Twenty years)
Yearly payment	\$ 3,207

The debt service requirements to maturity are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
7/1/2011	\$ 2,923	\$ 284
7/1/2012	2,996	211
7/1/2013	3,071	136
7/1/2014	2,382	60
7/1/2015	-	-
Thereafter:		
1st 5 years	-	-
Total	<u>\$ 11,372</u>	<u>\$ 691</u>

The District entered into a loan agreement with the New Mexico Interstate Stream Commission on July 1, 2001 for the purpose of lending funds to landowners in the District for water conservation projects. The terms of the agreement are as follows:

Amount of loan	\$ 25,000
Interest	2 ½ percent per annum
Years	20 (Twenty years)
Yearly payment	\$ 1,604

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The debt service requirements to maturity are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
7/1/2011	\$ 1,222	\$ 381
7/1/2012	1,253	351
7/1/2013	1,284	320
7/1/2014	1,316	287
7/1/2015	1,349	255
Thereafter:		
1st 5 years	7,269	750
2nd 5 years	<u>1,564</u>	<u>39</u>
Total	<u>\$ 15,257</u>	<u>\$ 2,383</u>

The District entered into a loan agreement with the New Mexico Interstate Stream Commission on October 10, 2002 for the purpose of lending funds to landowners in the District for water conservation projects. The terms of the agreement are as follows:

Amount of loan	\$ 50,000
Interest	2 ½ percent per annum
Years	20 (Twenty years)
Yearly payment	\$ 3,207

The debt service requirements to maturity are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
7/1/2011	\$ 2,327	\$ 881
7/1/2012	2,385	822
7/1/2013	2,444	763
7/1/2014	2,506	702
7/1/2015	2,568	639
Thereafter:		
1st 5 years	13,837	2,200
2nd 5 years	<u>9,160</u>	<u>462</u>
Total	<u>\$ 35,227</u>	<u>\$ 6,469</u>

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Changes in Long-term Liabilities

Long-term debt activity for the year ended June 30, 2010 was as follows:

	<u>Balance 6/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2010</u>	<u>Amount Due within 1 yr.</u>
Notes Payable	\$ 68,170	\$ -	\$ 6,314	\$ 61,856	\$ 6,472
Compensated absences	8,854	8,141	6,088	10,907	10,907
Totals	<u>\$ 77,024</u>	<u>\$ 8,141</u>	<u>\$ 12,402</u>	<u>\$ 72,763</u>	<u>\$ 17,379</u>

Compensated absences are generally liquidated by the general fund.

IV. Other information

A. Employee Retirement Benefits

The District employees did not participate in a pension plan, deferred compensation, or post-employment benefit plan through December 31, 2006. On January 1, 2007, the District employees began participating in the State of New Mexico Public Retirement Act (PERA) pension plan.

Plan Description. Substantially all of the District’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, public available financial report that includes financial statements and requires supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA’s website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7% of their gross salary. The District is required to contribute 7% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 was \$6,824, \$7,443 and \$5,389, respectively, which equals the amount of the required contributions for the fiscal years.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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 District is required to obtain a corporate surety bond on behalf of persons responsible for District assets. The District has not sustained any losses during the last several years and is not a defendant in any lawsuit. The District currently maintains a surety bond, a commercial property insurance policy, commercial auto insurance coverage, and workman's compensation insurance.

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 this time, although the District does not expect any amounts to be disallowed.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES- GENERAL FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

General Fund				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Mill levy	\$ 85,000	\$ 85,000	\$ 144,349	\$ 59,349
Interest	900	900	799	(101)
State and Federal Grants	745,000	745,000	52,993	(692,007)
Charges for Services	11,000	11,000	66,998	55,998
Miscellaneous Income	-	-	534	534
Loan - Repayment	10,000	10,000	6,730	(3,270)
Gain on Sale of Capital Assets	15,000	15,000	6,983	(8,017)
Total revenues	<u>866,900</u>	<u>866,900</u>	<u>279,386</u>	<u>(587,514)</u>
Cash balance budgeted	96,100	96,100	186,522	90,422
Total revenues & cash balance	<u>\$ 963,000</u>	<u>\$ 963,000</u>	<u>\$ 465,908</u>	<u>\$ (497,092)</u>
Expenditures:				
Salaries & Benefits	\$ 136,100	\$ 136,100	\$ 121,747	\$ 14,353
Advertisements & Awards	200	200	478	(278)
Audit Fees	15,000	15,000	9,832	5,168
Automobile fuel & maintenance	8,000	8,000	6,688	1,312
Dues & Fees	2,500	2,500	2,965	(465)
Election Costs	500	500	-	500
Meetings	1,000	1,000	1,120	(120)
Travel & Per diem	1,000	1,000	917	83
Supplies	10,000	10,000	9,416	584
Project Costs - Cost Share Program	30,000	30,000	33,684	(3,684)
Project Costs - Community Awareness	1,500	1,500	815	685
Project costs - Other Grants	115,000	115,000	480	114,520
Miscellaneous Grant Expenses	600,000	600,000	2,747	597,253
Soil Stewardship Material	1,000	1,000	677	323
Insurance	4,200	4,200	5,283	(1,083)
Rent & Utilities	10,000	10,000	14,416	(4,416)
Telephone/Email/Website	3,000	3,000	4,593	(1,593)
Equipment Purchases	14,000	14,000	55,522	(41,522)
Debt payment - Principal	10,000	10,000	8,018	1,982
Total expenditures	<u>\$ 963,000</u>	<u>\$ 963,000</u>	<u>\$ 279,398</u>	<u>\$ 683,602</u>

See accompanying notes and accountants' compilation report.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES- SPECIAL PROJECT FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Lower Rio Grande Salt Cedar Control Project (LRGSCCP) Fund				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State Grants	\$ 42,000	\$ 42,000	\$ 37,609	\$ (4,391)
State Forestry	122,446	122,446	98,506	(23,940)
BLM Grants	200,000	200,000	114,318	(85,682)
Department of Defense	60,000	60,000	-	(60,000)
US Fish & Wildlife	60,000	60,000	37,269	(22,731)
Interest Income	200	200	26	(174)
	-	-	-	-
Total revenues	484,646	484,646	287,728	(196,918)
Cash balance budgeted	12,800	12,800	20,160	7,360
Total revenues & cash balance	\$ 497,446	\$ 497,446	\$ 307,888	\$ (189,558)
 Expenditures:				
State Grants	\$ 55,000	\$ 55,000	\$ 50,034	\$ 4,966
State Forestry	122,446	122,446	98,506	23,940
BLM Grants	200,000	200,000	115,244	84,756
Department of Defense	60,000	60,000	1,924	58,076
US Fish & Wildlife	60,000	60,000	32,511	27,489
	-	-	-	-
Total expenditures	\$ 497,446	\$ 497,446	\$ 298,219	\$ 199,227

See accompanying notes and accountants' compilation report.

AGREED UPON PROCEDURES SECTION

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Mr. Hector Balderas, State Auditor, and
Mr. Richard Ritter, Chairperson
and Members of the Board of Supervisors
Socorro Soil and Water Conservation District
103 Francisco de Avondo
Socorro, New Mexico 87801

We have performed the procedures described in the following Schedule of Procedures, which were agreed to by Socorro Soil and Water Conservation District and the New Mexico Office of the State Auditor, solely to assist those parties with respect to the Tier 6 requirements of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the fiscal year ending June 30, 2010. Socorro Soil and Water Conservation District's management is responsible for the District's financial statements and presentation of the Tier 6 requirements. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the following Schedule of Procedure either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following Schedule of Procedures and Results of Procedures.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements. 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 Socorro Soil and Water Conservation District and the New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



Beckham & Penner, P.C.
Certified Public Accountants
May 8, 2013

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROCEDURES AND RESULTS OF PROCEDURES
As of and for the Fiscal Year Ended June 30, 2010

Procedure 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.
- 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.
- c) Determine whether the local public body's financial institutions have provided it with the 50% of the pledged collateral on all the uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results: We obtained all of the bank statements, bank reconciliations, general ledger, DFA financial reports, and bank pledged collateral statements for the fiscal year and performed the above procedures.

- a) The bank reconciliations are being performed in a timely manner and all bank statements for the fiscal year were complete and on-hand. Socorro Soil and Water Conservation District does not have any investment, thus there were no investment statements.
- b) The bank reconciliations were accurate and agreed to the general ledger and supporting documentation and on the financial reports submitted to DFA- Local Government Division.
- c) All deposit accounts are fully covered by FDIC. The pledged collateral exceeded the requirements of Section 6-10-17 NMSA 1978, NM Public Money Act.

Procedure 2: Capital Assets

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

Results: We obtained the yearly inventory and determined that the District is performing the yearly inventory as required by Section 12-6-10 NMSA 1978.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROCEDURES AND RESULTS OF PROCEDURES
As of and for the Fiscal Year Ended June 30, 2010

Procedure 3: Debt

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the public body is in compliance with those requirements.

Results: We determined the required debt payments were timely made during the fiscal year and there are no debt agreement required reserves.

Procedure 4: Revenue

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 50% of the total amount of 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.

Results: We obtained the budget, agreements, rate schedules, underlying documentation, general ledger, and bank statements for the fiscal year and performed the above procedures.

- a) Actual revenue compared to budget is presented as supplementary information in the compilation report.
- b) Revenue recorded in the general ledger was reconciled to the bank statements and at least 50% to supporting documentation.
- c) Except for the reclassification of revenue for administrative and grant services revenue in the amount of \$55,741, revenue from the sale of capital assets \$6,983, and revenue reclassified \$4,960; revenue was properly classified and recorded in the general ledger and presented in the financial statements on the budgetary basis of accounting which is on the cash basis.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROCEDURES AND RESULTS OF PROCEDURES
As of and for the Fiscal Year Ended June 30, 2010

Procedure 5: Expenditures

Select a sample of cash disbursements and test at least 25 transactions and 50% of 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 order, 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).

Results: We obtained the paid vouchers for the fiscal year and performed the above procedures on a sample of the vouchers.

- a) For the vouchers examined, we determined that the amounts recorded in the accounting records agreed to the supporting documentation and verified that the amount, payee, date and description agreed to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) For the vouchers examined, we determined that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- d) For the vouchers examined, we determined that, when applicable, the bid process or request for proposal process, purchase order, 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).

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROCEDURES AND RESULTS OF PROCEDURES
As of and for the Fiscal Year Ended June 30, 2010

Procedure 6: Journal Entries

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

- 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.

Results: We examined the general journal entries posted to the general ledger and performed the above procedures on the significant items.

- a) The journal entries appear reasonable and had supporting documentation.
- c) The District had procedures that require journal entries to be reviewed and there was evidence the reviews were being performed.

Procedure 7: 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.
- b) Determine if the total actual expenditures exceed 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 revenue 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.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROCEDURES AND RESULTS OF PROCEDURES
As of and for the Fiscal Year Ended June 30, 2010

Procedure 7: Budget, continued

Results: We obtained the original budget, the budget amendment, minutes and budget correspondence, and general ledger for the fiscal year and performed the above procedures.

- a) We verified that the original budget and budget amendment was approved by the District and DFA-LGD.
- b) We determined that the actual expenditures for the fiscal year did not exceed the final budget at the legal level of budgetary control.
- c) We prepared a schedule of revenue and expenditures – budgetary basis for each individual fund and have presented them as supplementary information in the compilation report.

Procedure 8: Capital Outlay Appropriations

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay awards fund expended by the recipient during the fiscal year.

Result: The District did not receive or expend any capital outlay appropriations during the fiscal year.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

STATUS OF PRIOR YEAR FINDINGS

2007-01	Timeliness of Report	Repeated
2009-01	Payroll Taxes	Repeated

CURRENT YEAR AUDIT FINDINGS

2007-01 TIMELINESS OF REPORT

Condition: The Socorro Soil and Water Conservation District did not issue the required reports until May 8, 2013.

Criteria: The District was required to submit the required reports for the year ended June 30, 2010 on or before December 1 subsequent to the Districts' fiscal year end in accordance with State Statute (Chapter 12, Section 6: NMSA 1978) and Section 2.2.2.9.A (1) of the State Auditor Rule.

Cause: The District was unable to submit the June 30, 2010 required reports on a timely basis as a result of not contracting with an accountant until after the due date and then the accountant had health issues that further delayed the submission.

Effect: The District is not in compliance with the New Mexico State Auditor Rules and Regulations. Furthermore, users of the financial statements such as legislators, creditors, note holders, state and federal grantors, etc., do not have timely reports and financial statements for their review.

Accountants' Recommendation: The District should ensure that future reports are issued in a timely manner. The District should ensure this process is timely in the future through communication with the state auditors' office and timely contracting with an accountant.

Management Response: The District is working with the accountants to complete and submit the required reports in a timely manner.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

CURRENT YEAR FINDINGS, continued

2009-01 PAYROLL TAXES

Condition: The PERA deduction was being subtracted from gross wages before the FICA and Medicare taxes were calculated.

Criteria: FICA and Medicare taxes should be calculated on gross wages before the PERA deduction.

Cause: The District misunderstood the application of the PERA pre-tax deduction.

Effect: The combined employee and employer FICA and Medicare taxes were underpaid by about \$1,139 for the fiscal year.

Accountants' Recommendation: The District should utilize an automated payroll processing system to help ensure that the payroll calculations are accurate.

Management Response: The District has implemented an automated payroll process for the preparation of the payroll checks which has corrected the problem. Corrected payroll reports have been filed with the IRS and Social Security Administration and the underpaid payroll taxes have been paid.

STATE OF NEW MEXICO
SOCORRO SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
JUNE 30, 2010

Financial Statement Preparation

The accompanying financial statements were prepared by the accountants. However, the contents remain the responsibility of the District.

Exit Conference

On May 8, 2013, an exit conference was held with Board Supervisor chairman, Richard Ritter, and Mrs. Nyleen H. Troxel Stowe, Director of Special Projects of the Socorro Soil and Water Conservation District. Representing the accounting firm was Rick Penner, CPA. The results of the engagement and the contents of this report were discussed.