

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

REPORT ON AGREED UPON PROCEDURES

JUNE 30, 2011

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

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**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT
June 30, 2011**

Official Roster

Board of Supervisors

Richard Ritter, Chairperson
Mark Person, Vice-Chairperson
Chris Lopez, Secretary/Treasurer
Edward Harris, Supervisor
Gordon Herkenhoff, Supervisor

Principal Employees

Nyleen H. Troxel Stowe, Director of Special Projects
William Kolbenschlag, Range Technician
Belle Rehder, Administrative Assistant

**Independent Accountant's Report on
Applying Agreed Upon Procedures**

To Management
Socorro Soil and Water Conservation District
Socorro, New Mexico
and
To Mr. Hector H. Balderas, State Auditor

We have performed the procedures enumerated below, which were agreed to by the Socorro Soil and Water Conservation District (District) and the New Mexico State Auditor's Office, solely to assist in determining if the District is in compliance with New Mexico State Audit Rule, Tier 4, as of June 30, 2011. The District is the responsible party and the subject matter is the responsibility of the District. 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 the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are included in a supplemental attachment.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Tier 4 agreed upon procedures. 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 management and others within the District, the State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Ricci, Porch & Company LLC

Albuquerque, New Mexico
February 4, 2014

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS

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.

Bank reconciliations are included as part of the monthly board meetings. We reviewed to ensure they were included in the directors' packets. No exceptions were noted. The printing date for the June 30, 2011, March 31, 2011, December 30, 2010, and November 30, 2010 bank reconciliations were all within 12 calendar days of the subsequent month. Reconciliations are completed timely.

The District has four banking accounts, three checking, and one CD. All reconciliations 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.

We selected four months to test including June 2011, March 2011, December 2010 and November 2010. Reconciliations for all four months appeared to be complete, and tied to the QuickBooks software generated reports.

- 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.

We determined that the average running balance is below \$250,000 in all accounts; therefore, additional procedures were not performed.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
 AGREED UPON PROCEDURES
 June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

2. CAPITAL ASSETS

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

An annual physical inventory of capital assets is completed. The District utilizes the fixed assets listing in QuickBooks software for its inventory listing.

3. REVENUES

- a) Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation and perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

We compared actual to budget for each type of revenue. Results are as follows:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Property Taxes	\$ 144,070	100,000	44,070
Federal Grants	244,560	255,963	(11,403)
State Funding	14,147	15,000	(853)
Miscellaneous Grants	9,286	8,000	1,286
Interest/Dividends	215	200	15
Total	<u>\$ 412,278</u>	<u>379,163</u>	<u>33,115</u>

The variance in property taxes is related to conservative budgeting and the variance in federal grants is related to the timing of grant drawdowns and spending on restoration. Considering the above, all revenues tested are considered reasonable.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

3. REVENUES – CONTINUED

b) Select a sample of revenues based on auditor judgment and test using the following attributes:

- 1) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- 2) 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.

Using auditor judgment and taking into account the type and amount of each deposit, we tested 76% of total receipts by reviewing supporting documentation and agreed amounts to the respective bank statements.

4. EXPENDITURES

a) Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

- 1) 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.
- 2) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- 3) 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).

To meet the requirements, using a sample size of 14, we randomly selected 12 disbursements from the total check range and judgmentally selected two disbursements greater than \$15,000 of the District for the fiscal year. We also tested 100% of the District's payroll by comparing the total payroll disbursements to the pay rates approved by the Board of Supervisors. The above attributes were tested without exception for all of the transactions.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

5. JOURNAL ENTRIES

- a) If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:
- 1) Journal entries appear reasonable and have supporting documentation.
 - 2) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

We noted no journal entries that were posted to QuickBooks software. The above attributes are not applicable.

6. BUDGETS

- a) Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:
- 1) 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.

We verified the Board of Supervisors approved the original budget. We also noted that the budget for the year ended June 30, 2011 was submitted to DFA-LGD. The District received a notification of receipt from DFA-LGD on August 30, 2010.

- 2) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

It was determined that the District did not exceed the final budget at the legal level of budgetary control.

- 3) 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.

See attached Statement of Revenues and Expenditures - Budget and Actual - General Fund.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

7. OTHER

- a)** If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

The District was required to submit the required reports for the year ended June 30, 2011 on or before December 1, 2011 in accordance with Section 2.2.2.16H. of the New Mexico State Auditor's Rule.

The Socorro Soil and Water Conservation District did not issue the required reports by this deadline.

SOCORRO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 100,000	100,000	144,070	44,070
Federal grants	255,963	255,963	214,560	(41,403)
State funding	15,000	15,000	14,147	(853)
Miscellaneous	8,000	8,000	9,286	1,286
Interest and dividends	200	200	215	15
Total revenues	379,163	379,163	382,278	3,115
Expenditures				
Current:				
Personnel services	150,490	150,490	156,223	(5,733)
General government	71,750	71,750	62,122	9,628
Grant expenditures	142,996	142,996	138,693	4,303
Capital outlay	42,000	42,000	36,549	5,451
Loan payments	10,000	10,000	8,018	1,982
Total expenditures	417,236	417,236	401,605	15,631
Excess of revenues over expenditures and other financing sources	\$ (38,073)	(38,073)	(19,327)	18,746
Prior year cash balance to balance the budget	\$ 38,073	38,073		

**DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
BUDGET AND FINANCE BUREAU
SOIL AND WATER CONSERVATION DISTRICT QUARTERLY FINANCIAL REPORT**

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER. I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

S.W.C.D.: Socorro
Period Ending: 06/30/11

Fund #	FUND (1)	YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT											DIFFERENCE
		CASH BALANCE PER BOOKS July 1, 2010 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)		
101	GENERAL FUND	103,032	235,395	-	243,725	94,702	1,749		(9)	96,451	96,451	(12)	
218	INTERGOVERNMENTAL GRANTS Bofa CD	75,893	89	-	-	75,982				75,982	75,982	(0)	
299	OTHER-LRGSCP	9,669	167,496	-	149,862	27,303	4,500			31,803	31,803	-	
400	DEBT SERVICE	7,585	9,298	-	8,018	8,864	8,864			8,864	8,864	-	
	GRAND TOTAL	\$ 196,179	\$ 412,277	\$ -	\$ 401,605	\$ 206,851	\$ 6,249	\$ -	\$ -	\$ 213,100	\$ 213,101	\$ (0)	

NOTE: USE DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

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

SWCD:
 Socorro

Period Ending: 6/30/2011

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Total Property Tax Production To Date	39970	144070	100000	1.4407
Total Interest From Bank Accounts and CDs	53	215	200	1.075
Hazardous Fuels Income	0	0	0	#DIV/0!
Grass Seed and or Tree Sales	0	0	0	#DIV/0!
Book Sales	0	0	0	#DIV/0!
Rent Revenue	0	0	0	#DIV/0!
Brush Control Materials	0	0	0	#DIV/0!
Noxious Weed Program	0	48000	60000	0.8
Conservation Sale Items	0	0	0	#DIV/0!
Miscellaneous	0	1891	20000	0.094571
	0	0	0	#DIV/0!
	0	0	0	#DIV/0!
	0	0	0	#DIV/0!
TOTAL GENERAL FUND REVENUES	\$ 40,023	\$194,176	\$ 180,200	1.077561
Intergovernmental Grants 218				
State or University Grants	0	0	0	#DIV/0!
Federal Grants	86282	158120	133963	1.180326
State Grants	0	4994	5000	0.9988
Local Grants	0	0	0	#DIV/0!
Private Grants	0	0	0	#DIV/0!
Legislative Funding	619	9153	10000	0.9153
Miscellaneous (e.g. NMDA)	0	0	0	#DIV/0!
TOTAL GRANT REVENUES	\$ 86,901	\$172,267	\$ 148,963	1.156442
Other 299				
Contract Services	0	0	0	#DIV/0!
Educational Income	0	0	0	#DIV/0!
Charges for Services	0	0	0	#DIV/0!
Capital Outlay Funded	2551	36549	42000	0.870214
Project Income	0	0	0	#DIV/0!
Emergency Watershed Protection Program	0	0	0	#DIV/0!
Project Income	0	0	0	#DIV/0!
Project Expenses Income	0	0	0	#DIV/0!
Silent Auctions	0	0	0	#DIV/0!
Miscellaneous	0	0	0	#DIV/0!
OTHER FUND 299 FROM DETAIL TAB	0	0	0	#DIV/0!
TOTAL OTHER 299	\$ 2,551	\$ 36,549	\$ 42,000	0.870214
Debt Service 400				
General Obligation Bonds	0	0	0	#DIV/0!
General Obligation - (Property Tax)	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Other - Misc	0	0	0	#DIV/0!
Revenue Bonds	0	0	0	#DIV/0!
Bond Proceeds	0	0	0	#DIV/0!
Revenue Bonds - GRT	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Revenue Bonds - Other	0	0	0	#DIV/0!
Miscellaneous (NMFA, BOF, etc.)	0	0	0	#DIV/0!
Investment Income	0	0	0	#DIV/0!
Loan Revenue (ISC Repayments by Cooperators)	1453	9286	8000	1.16075
TOTAL DEBT SERVICE REVENUES	\$ 1,453	\$ 9,286	\$ 8,000	1.16075
GRAND TOTALS REVENUES- CURRENT QTR	\$ 130,928	\$412,278	\$ 379,163	1.087338

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

SWCD:
Socorro

Period Ending: 6/30/2011

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101	0	0	0	#DIV/0!
Personnel Services, (Salaries and Benefits)	43,492	156,223	150,490	1.038096
Mileage and Per Diem	0	513	1,000	0.51349
Vehicle Expense (Insurance, gas, maintenance)	4,725	8,841	10,150	0.871034
Building Expenses (e.g. rent/maintenance)	0	6,000	6,000	1
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	1,025	3,100	4,000	0.775
Telephone	1,329	4,388	3,500	1.253714
Postage Expense	207	1,142	1,100	1.038182
Office Supplies and Other Expenses	2,625	8,407	4,900	1.715714
Office Furniture and Equipment	0	0	0	#DIV/0!
Advertising and Public Relations (e.g. newsletter)	0	14	200	0.0691
Training, Workshops & Education expense	1,011	3,192	1,700	1.877647
Annual Audit/Financial Report Expenses	1,500	0	10,000	0
Dues and Board Fees	440	4,616	4,200	1.099048
Election Expense	0	0	0	#DIV/0!
Field Supplies & Equipment	0	0	0	#DIV/0!
Cost Sharing Expense	2,747	21,910	25,000	0.8764
Brush Control Expenses	0	0	0	#DIV/0!
Contractual Fees and Other Services	0	0	0	#DIV/0!
GRT Taxes	0	0	0	#DIV/0!
Miscellaneous (e.g. Chipper Expense)	0	0	0	#DIV/0!
	0	0	0	#DIV/0!
	0	0	0	#DIV/0!
	0	0	0	#DIV/0!
Total General Fund Expenditures	\$ 59,100	\$ 218,346	\$ 222,240	0.98248
Intergovernmental Grants Expenditures 218				
State or University Grants	0	0	0	#DIV/0!
Federal Grants	66,331	134,017	137,996	0.971166
State Grants	0	4,676	5,000	0.9352
Local Grants	0	0	0	#DIV/0!
Private Grants	0	0	0	#DIV/0!
Legislative Funding	0	0	0	#DIV/0!
Other	0	0	0	#DIV/0!
Total Grant Expenditures	\$ 66,331	\$ 138,693	\$ 142,996	0.969908
Other Expenditures 299				
Loan Payments	0	0	10,000	0
Capital Outlay Expenses/Capital Projects	2,551	36,549	42,000	0.870214
Conservation and Environmental Control Expenses	0	0	0	#DIV/0!
Bonding	0	0	0	#DIV/0!
All Other Insurance	0	0	0	#DIV/0!
Loan Program Expenses including Loan Repayments	8,018	8,018	0	#DIV/0!
Miscellaneous Expenses	0	0	0	#DIV/0!
OTHER FUND 299 FROM DETAIL TAB	\$0	-	-	#DIV/0!
Total Other Expenditures	\$ 10,569	\$ 44,567	\$ 52,000	0.857058
Debt Service 400				
Bond Payments Principal	0	0	0	#DIV/0!
Bond Payments- Interest	0	0	0	#DIV/0!
Other Debt Service	0	0	0	#DIV/0!
Total Debt Service Expenditures	\$ -	\$ -	\$ -	#DIV/0!
TOTAL EXPENDITURES Current Quarter	\$ 136,000	\$ 401,606	\$ 417,236	0.96254

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

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011**

2007-01 TIMELINESS OF REPORT

CONDITION

The Socorro Soil and Water Conservation District did not issue the required reports until January 31, 2014.

CRITERIA

The District was required to submit the required reports for the year ended June 30, 2011 on or before December 1, 2011 in accordance with Section 2.2.2.16 H. of the New Mexico State Auditor's Rule.

CAUSE

The District's 2010 report was delayed due to contracting issues and health concerns of the districts previous accountant. The 2011 contract was not approved until October 2013.

EFFECT

The District is not in compliance with the New Mexico State Auditor's Rule and State Statutes. In addition, the users of the report, such as legislators, creditors, and grantors do not have a current report for analysis.

RECOMMENDATION

The District should continue its efforts to get the District's report completed in a timely manner. The District should also develop a timeline strategy for completing the June 30, 2012 and 2013 reports so that the District is in a position to have the June 30, 2014 report submitted on time.

MANAGEMENT RESPONSE

The District current has selected Ricci, Porch & Company as its IPA to complete the 2012 and 2013 agreed upon procedures. We are in the process of getting the FY12 contract submitted to the State Auditor's Office and are anticipating completing the FY12 and FY13 reports by the end of FY14, which gives us the opportunity to complete the FY14 procedures on time.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
June 30, 2011**

An exit conference was held on December 12, 2013 to discuss the agreed upon procedures.
Attending were the following:

Representing the Socorro Soil and Water Conservation District:

Board of Directors:

Richard Ritter, Chairperson

Management:

Nyleen H. Troxel Stowe, Director of Special Projects

Representing the Independent Accountant:

Herman Chavez, CPA, Manager