

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

REPORT ON AGREED UPON PROCEDURES

JUNE 30, 2012

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

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**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT
June 30, 2012**

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 Kolbensschlag, 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, 2012. 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 & Company, LLC

Albuquerque, New Mexico
July 11, 2014

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2012**

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.

The District has three demand deposit accounts at a local bank and a certificate of deposit at another financial institution. The District uses QuickBooks software to record cash transactions and to reconcile accounts. We verified that all reconciliations were performed in a timely manner, within 15 days of month's end, and all bank statements for the fiscal year were 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 randomly selected eight months of bank reconciliations to test for accuracy. All were accurate and agreed with the general ledger, supporting documentation, and submitted financial 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 District's deposit accounts were fully insured by the FDIC throughout the fiscal year. As a result, pledged collateral was not required. Although not required, we noted that the District's local bank provided pledged collateral for the District's cumulative cash balance and reported pledged collateral details to the District in monthly reports.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
 AGREED UPON PROCEDURES
 June 30, 2012**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

2. CAPITAL ASSETS

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

The District performs an annual inventory as required by Section 12-6-10 NMSA 1978, and a capital asset listing is maintained on an Excel spreadsheet.

3. REVENUES

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

The District’s primary revenues consist of revenues generated by a property tax mil levy, federal grants with the U.S. Bureau of Land Management and other federal agencies, New Mexico State funding for operations and capital outlay, loan repayments to the District’s Irrigation Works Loan Program, and interest income earned on bank accounts. We compared actual to budget for each type of revenue.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Property Taxes	\$ 153,000	116,355	36,645
Federal Grants	112,871	112,871	-
State Funding	43,545	44,720	(1,175)
Other Grants	38,835	-	38,835
Loan Repayments	6,077	5,235	842
Interest/Dividends	121	150	(29)
Miscellaneous	177	-	177
Total	\$ 354,626	279,331	75,295

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

- 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.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2012**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

3. REVENUES – CONTINUED

- 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 a sample of revenues by tracing to supporting documentation and bank statements. Our sample represented 98% of total revenues. Amounts recorded in the general ledger agreed to the supporting documentation and bank statements. Transactions were properly recorded on a cash basis as to amount, classification, and period as determined by the review of supporting documentation.

4. EXPENDITURES

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

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

We randomly selected a sample of twenty cash disbursements and judgmentally selected five additional large disbursements (greater than \$10,000) for testwork. We also tested 100% of the District's salary expense 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, 2012**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

5. 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.

The District uses QuickBooks software to maintain the general ledger. There were no journal entries that were posted to QuickBooks during the fiscal year.

6. BUDGETS

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.

By review of the minutes, we verified that the Board of Supervisors approved the original budget and noted that it was submitted to DFA-LGD. We also reviewed a letter from DFA-LGD dated September 15, 2011 approving the District's FY 2011-12 budget.

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

Total actual expenditures exceeded the final budget at the total fund level, which is the legal level of budgetary control. Compliance finding 2012-01 is included in the Schedule of Findings and Responses.

- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

See Schedule of Revenues and Expenditures - Budget and Actual - General Fund – Cash Basis on page 8.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2012**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

7. OTHER

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, 2012 on or before December 1, 2012 in accordance with Section 2.2.2.16 H. of the New Mexico State Auditor's Rule.

The Socorro Soil and Water Conservation District did not issue the required agreed upon procedures report by this deadline. Finding 2007-01 is included in the Schedule of Findings and Responses.

SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 116,355	116,355	153,000	36,645
Federal grants	112,871	112,871	112,871	-
State funding	44,720	44,720	43,545	(1,175)
Other grants	-	-	38,835	38,835
Loan repayments	5,235	5,235	6,077	842
Miscellaneous	-	-	177	177
Interest and dividends	150	150	121	(29)
Total revenues	279,331	279,331	354,626	75,295
Expenditures				
Current:				
Personnel services	150,870	150,870	159,932	(9,062)
General government	95,725	95,725	83,207	12,518
Grant expenditures	37,851	37,851	110,075	(72,224)
Capital outlay	34,720	34,720	34,720	-
Loan payments	13,260	13,260	13,291	(31)
Total expenditures	332,426	332,426	401,225	(68,799)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (53,095)	(53,095)	(46,599)	6,496
Prior year cash appropriated to balance budget	\$ 53,095	53,095		

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: 06/30/12

Fund #	FUND	CASH BALANCE PER BOOKS July 1, 2011 (2)	REVENUES TO DATE (3)	NET TRANSFERS (4)	EXPENDITURES TO DATE (5)	BOOK BALANCE END OF PERIOD (6)	ADD: OUTSTANDING CHECKS (7)	LESS: DEPOSITS IN TRANSIT (8)	ADJUSTMENTS (9)	ADJUSTED BALANCE END OF PERIOD (10)	BALANCE PER BANK STATEMENTS (11)	DIFFERENCE (12)
101	GENERAL FUND	96,451	298,496	(11,323)	304,109	79,515	18,940	-	-	98,455	98,455	-
299	LRGSCCP	27,303	50,016	11,323	83,825	4,816	10,000	11,323	-	3,494	3,494	(0)
400	DEBT SERVICE-ISC Loan	8,864	6,078	-	13,291	1,652	-	-	-	1,652	1,652	-
	CD	75,982	36	-	-	76,018	-	-	-	76,018	76,018	-
	GRAND TOTAL	\$ 208,601	\$ 354,626	\$ -	\$ 401,225	\$ 162,001	\$ 28,940	\$ 11,323	\$ -	\$ 179,618	\$ 179,618	\$ (0)

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

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

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Mill Levy Funds: Property Tax - Current Year	39395	141355	100000	(29.26%)
Property Tax - Delinquent	2138	11645	16355	40.44%
Total Interest income (e.g. From Bank Accounts and CDs)	22	121	150	23.84%
Noxious Weed Program	12500	75000	75000	0.00%
Conservation Sale Items	0	0	0	n/a
Legislative Funding	0	8825	10000	13.31%
Capital Outlay Funded	0	0	0	n/a
Grants Income	0	38835	0	(100.00%)
Miscellaneous	0	177	0	(100.00%)
TOTAL GENERAL FUND REVENUES	54,055	275,959	201,505	(0)
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
Other (Non Operational) 299				
Capital Outlay Funded	11323	34720	34720	0.00%
DOD-WSMR Aerial Salt cedar treatment grant	0	37871	37871	(0.00%)
TOTAL OTHER 299	\$ 11,323	\$ 72,591	\$ 72,591	(0)
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
Debt Service 400				
Miscellaneous (NMFA, BOF, etc.)	0	0	0	n/a
Investment Income	0	0	0	n/a
ISC Loan Repayment by participating cooperators	3500	6076	5235	(13.84%)
TOTAL DEBT SERVICE REVENUES	\$ 3,500	\$ 6,076	\$ 5,235	(0)
OTHER FINANCING SOURCES				
Transfers In	0	0	0	n/a
Transfers (Out)	0	0	0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	n/a
GRAND TOTALS REVENUES- CURRENT QTR	\$ 68,877	\$ 354,626	\$ 279,331	\$ (0)

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

SWCD:
Socorro

Period Ending: 6/30/2012

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
GENERAL FUND 101				
Personnel Services, Salaries including Benefits	41,939	159,932	150,870	1.060063
Mileage and Per Diem	798	798	1,000	0.79764
Meeting Expense	386	2,131	600	3.551667
Building Expenses (e.g. rent/maintenance/telephone)	2,370	11,644	10,000	1.1644
Office Supplies	2,137	7,149	7,000	1.021224
Election Expense	0	0	0	#DIV/0!
Education expense	994	1,711	4,000	0.427855
Vehicle Expense (Insurance, gas, maintenance)	1,474	11,150	10,000	1.115
Advertising, Public Relations (e.g. newsletter, awards)	0	297	500	0.594
Annual Audit Expenses	4,916	4,916	15,000	0.32775
Dues and Subscriptions	1,850	4,005	2,000	2.0025
Field Supplies (e.g. Salt Cedar Mechanical Removal)	0	256	2,000	0.128
Postage Expense	181	865	1,000	0.865
Cost Sharing Expense	16,464	32,062	35,000	0.916044
Training and Workshops	0	0	500	0
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	844	3,549	3,000	1.183
Bonding/Liability Insurance	0	1,125	1,125	1
Grants Expense	0	58,835	0	#DIV/0!
Conservation Project Expenses	0	1,510	3,000	0.503357
Miscellaneous (e.g. Chipper Expense)	39	39	0	#DIV/0!
TOTAL GENERAL FUND EXPENDITURES	74,392	301,973	246,595	1.224572
Other Expenditures 299				
Capital Outlay-Rio Grande Restoration	11,323	34,720	34,720	1
BLM & DOD WSMR Aerial treatment project	0	51,240	37,851	1.353729
ISC Loan Expense	0	25	0	#DIV/0!
Total Other Expenditures	\$ 11,323	\$ 85,985	\$ 72,571	1.18484
Debt Service 400				
ISC Loan Repayment to ISC	4,811	13,266	13,260	1.000452
Total Debt Service Expenditures	\$ 4,811	\$ 13,266	\$ 13,260	1.000452
TOTAL EXPENDITURES Current Quarter	\$ 90,525	\$401,224	\$ 332,426	1.206958

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, 2012**

2007-01 TIMELINESS OF REPORT

CONDITION

The Socorro Soil and Water Conservation District submitted the signed IPA agreed upon procedures contract for the 2012 fiscal year to the New Mexico State Auditor's office in February 2014, and the required agreed upon procedures report for the 2012 fiscal year was not issued until July 11, 2014.

CRITERIA

The District was required to submit the required agreed upon procedures IPA recommendation and contract to the State Auditor on or before July 1, 2012 in accordance with Section 2.2.2 16 D. In addition, the agreed upon procedures report for the year ended June 30, 2012 was required to be submitted on or before December 1, 2012 in accordance with Section 2.2.2.16 H. of the New Mexico State Auditor's Rule.

CAUSE

As a result of delays due to contracting issues and health problems of the accountant previously engaged to perform the reporting procedures, the District has been late issuing both contracts and required reports for the last few years. The 2012 fiscal year reporting contract was not approved by the State Auditor's office until April 2014.

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 IPA contracts and reports completed in a timely manner. The District should also develop a timeline strategy for completing the June 30, 2013 report so that the District is in a position to have the June 30, 2014 contract and report submitted on time.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2012**

MANAGEMENT RESPONSE

The District has selected Ricci & Company, LLC for the FY 2013 contract as part of the FY 2011, FY 2012, FY 2013 contract selection process. FY 2013 contract will be signed and submitted to Ricci & Company, LLC on August 13, 2014 for signature and then submitted to the Office of the State Auditor. Selection of the FY 2014 contract also went to Ricci & Company, LLC and this contract was signed and submitted to the Office of the State Auditor by July 1, 2014. We anticipate FY 2013 and FY 2014 to be completed and submitted by the end of the 2014 calendar year which will then make us current.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2012**

2012-01 ACTUAL EXPENDITURES EXCEED BUDGET

CONDITION

The District's expenditures exceeded its budget in the General Fund by \$68,799. Of this amount, \$38,835 nets directly against other grant revenues in excess of budget.

CRITERIA

Budgetary controls, which include the timely adoption of budget adjustments, should prevent any expenditure in excess of the approved budget (NMSA 1978, Section 6-6-6).

CAUSE

The District did not adjust the original budget in order to reflect changes in expenditures related to grant funding received.

EFFECT

Violating budget constraints may impact the availability of funds for operations in future years. In addition, expenditures in excess of budget indicate a potential lack of controls in the purchasing process which could result in unauthorized purchases being initiated. The District is in violation of regulation and policies established by the State of New Mexico and Department of Finance and Administration.

RECOMMENDATION

We recommend that the District monitor its operations against the budget regularly and request budget adjustments in advance of unfavorable variances.

MANAGEMENT RESPONSE

The District received some Federal funding in FY 2011 (\$20,000) but did not spend it until FY 2012 due to timing of the project and neglected to put that funding into the budgeted expenditures. The District also completed an aerial project with Federal funding (\$13,389) that was not included in the budgeted expenditure. The last issue has been funding brought in to cover staffing. This has been reported as income in two accounts and then an expense out of one account to move into General Fund. This has been corrected into a category in Quickbooks labeled Grant Services. The District also only has one checking account, instead of two, for all income and expenditures as of June 2013 plus the one special fund account Loan with the Interstate Stream Commission funding. The District will also continue to review its final budget at the July board meeting and make any necessary adjustments.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
June 30, 2012**

An exit conference was held on July 11, 2014 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:

Donna Peace, CPA, Principal

Christina Cosme, CPA, Staff