

**SOCORRO SOIL AND WATER  
CONSERVATION DISTRICT**

**REPORT ON AGREED UPON PROCEDURES**

**JUNE 30, 2013**

**SOCORRO SOIL AND WATER  
CONSERVATION DISTRICT**

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**SOCORRO SOIL AND WATER  
CONSERVATION DISTRICT  
June 30, 2013**

**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



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

6200 Uptown Blvd NE  
Suite 400  
Albuquerque, NM 87110  
505.338.0800

To Management  
Socorro Soil and Water Conservation District  
Socorro, New Mexico  
and  
To Mr. Timothy Keller, 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, 2013. 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  
February 18, 2015

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT  
AGREED UPON PROCEDURES  
June 30, 2013**

**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, typically 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 nine 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, 2013**

**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**

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.

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 projects, 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	\$ 146,590	150,000	(3,410)
Federal Grants	62,500	118,000	(55,500)
State Funding	12,990	12,000	990
Other Grants	45,569	45,569	-
Loan Repayments	34,271	5,500	28,771
Interest/Dividends	103	100	3
Total	<u>\$ 302,023</u>	<u>331,169</u>	<u>(29,146)</u>

Variance in federal grants is due to federal budget cutbacks. As a result, the U.S. Bureau of Land Management had to give the District less than budgeted. With regards to loan repayments variance, the District had one water conservation project loan repaid in full, which was not anticipated. Considering the above, all revenues recorded are reasonable.

## **AGREED UPON PROCEDURES**

**June 30, 2013**

### **PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)**

#### **3. REVENUES – CONTINUED**

Select a sample of revenues based on auditor judgment and test using 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.

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 98.7% 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).

**June 30, 2013**

**PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)**

**4. EXPENDITURES - CONTINUED**

We randomly selected a sample of twenty five cash disbursements for testwork. Because six of the top ten largest disbursements were captured in the random sample, including the three largest, we did not select any additional high value items. 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.

**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. 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.

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 August 20, 2012 approving the District's FY 2012-13 budget.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT  
AGREED UPON PROCEDURES  
June 30, 2013**



## **PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)**

### **6. BUDGET - CONTINUED**

- 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 did not exceed the final budget at the total fund level, which is the legal level of budgetary control. Therefore, there is no compliance finding.

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

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

### **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, 2013 on or before December 1, 2013 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 2007-001 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 - CASH BASIS  
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 150,000	150,000	146,590	(3,410)
Federal grants	118,000	118,000	62,500	(55,500)
State funding	12,000	12,000	12,990	990
Other grants	45,569	45,569	45,569	-
Loan repayments	5,500	5,500	34,271	28,771
Interest and dividends	100	100	103	3
<b>Total revenues</b>	<b>331,169</b>	<b>331,169</b>	<b>302,023</b>	<b>(29,146)</b>
<b>Expenditures</b>				
Current:				
Personnel services	91,811	116,085	116,840	(755)
General government	157,994	133,720	114,578	19,142
Grant expenditures	48,849	48,849	21,176	27,673
Loan payments	5,000	5,000	32,782	(27,782)
<b>Total expenditures</b>	<b>303,654</b>	<b>303,654</b>	<b>285,376</b>	<b>18,278</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 27,515</b>	<b>27,515</b>	<b>16,647</b>	<b>(10,868)</b>
<b>Prior year cash appropriated to balance budget</b>	<b>\$ -</b>	<b>-</b>		

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: 06/30/13

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	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	160,349.88	255,251.21	-	240,094.16	175,506.93	16,143.01	-	-	191,649.94	190,508.12	1,141.82
299	OTHER	-	-	-	-	-	-	-	-	3,141.39	3,141.39	-
400	DEBT SERVICE	1,651.50	34,271.53	-	32,781.64	3,141.39	-	-	-	194,791.33	193,649.51	1,141.82
	<b>GRAND TOTAL</b>	\$ 162,001.38	\$ 289,522.74	\$ -	\$ 272,875.80	\$ 178,648.32	\$ 16,143.01	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE: REFER TO DETAIL PAGES FROM ANNUAL BUDGET FORM IF NEEDED.

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

Difference has to do with payroll calculations--OB reporting 7/1/2012 through 6/30/2013 for this report but July 2012 expenditures have June 2012 payroll taxes included in OB General fund totals and not June 2013 payroll taxes.

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>General Fund 101</b>				
Mill Levy Funds: Property Tax - Current Year	38,331.71	137,432.77	145,000.00	94.78%
Property Tax - Delinquent	1,884.85	9,156.75	5,000.00	183.14%
Property Tax - Penalty & Interest	-	-	-	#DIV/0!
Oil and Gas - Equipment	-	-	-	#DIV/0!
Oil and Gas - Production	-	-	-	#DIV/0!
Total Interest income (e.g. From Bank Accounts and CDs)	37.12	103.08	100.00	103.08%
Hazardous Fuels Income	-	-	-	#DIV/0!
Grass Seed and or Tree Sales	-	-	-	#DIV/0!
Book Sales	-	-	-	#DIV/0!
Rent Revenue (e.g. equipment rentals)	-	-	-	#DIV/0!
Brush Control Materials	-	-	-	#DIV/0!
Noxious Weed Program	12,500.00	50,000.00	118,000.00	42.37%
Conservation Sale Items	-	-	-	#DIV/0!
Legislative Funding	649.48	12,989.61	12,000.00	108.25%
Capital Outlay Funded	-	-	-	#DIV/0!
Grants Income	22,199.00	45,569.00	45,569.00	100.00%
Miscellaneous	-	-	-	#DIV/0!
<b>TOTAL GENERAL FUND REVENUES</b>	<b>75,602.16</b>	<b>255,251.21</b>	<b>325,669.00</b>	
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	#DIV/0!
Transfers (Out)	-	-	-	#DIV/0!
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
<b>Other (Non Operational) 299</b>				
Water Trust Board	-	-	-	#DIV/0!
District Building (e.g. rent)	-	-	-	#DIV/0!
Interstate Streams Loan Program Revenue	-	-	-	#DIV/0!
Emergency Watershed Protection Program Revenue	-	-	-	#DIV/0!
Miscellaneous (from Other Funds 299 tab)	-	-	-	#DIV/0!
<b>TOTAL OTHER 299</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	#DIV/0!
Transfers (Out)	-	-	-	#DIV/0!
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Debt Service 400</b>				
<b>General Obligation Bonds</b>				
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
<b>Revenue Bonds</b>				
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRT	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
<b>Miscellaneous (NMFA, BOF, etc.)</b>				
Investment Income	-	-	-	#DIV/0!
Loan Revenue	32,270.04	34,271.53	5,500.00	623.12%
<b>TOTAL DEBT SERVICE REVENUES</b>	<b>32,270.04</b>	<b>34,271.53</b>	<b>5,500.00</b>	
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	#DIV/0!
Transfers (Out)	-	-	-	#DIV/0!
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>	<b>107,872.20</b>	<b>289,522.74</b>	<b>331,169.00</b>	

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

SWCD:  
Socorro

Period Ending: 6/30/2013

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>GENERAL FUND 101</b>				
Personnel Services, Salaries including Benefits	25,194.61	93,098.79	91,311.00	1.019579
Payroll expenses-SSWCD portion	6,177.49	23,740.54	24,274.00	0.978023
Mileage and Per Diem	-	-	500.00	0
Fees and Services Expenses (e.g. supervisors)	-	77.08	-	#DIV/0!
Meeting Expense	387.31	2,269.65	-	#DIV/0!
Building Expenses (e.g. rent/maintenance/telephone)	2,632.64	12,299.80	12,000.00	1.024983
Office Supplies	1,984.36	6,510.89	8,000.00	0.813861
Election Expense	107.89	107.89	500.00	0.21578
Education expense	-	529.10	1,000.00	0.5291
Vehicle Expense (Insurance, gas, maintenance)	4,507.26	8,720.15	10,000.00	0.872015
Advertising, Public Relations (e.g. newsletter, awards)	137.73	406.13	500.00	0.81226
Annual Audit Expenses	3,852.00	3,852.00	15,000.00	0.2568
Dues and Subscriptions	1,750.00	3,875.00	4,800.00	0.807292
Field Supplies (e.g. Salt Cedar Mechanical Removal)	1,669.53	2,330.04	2,000.00	1.16502
Postage Expense	197.49	874.72	1,000.00	0.87472
Cost Sharing Expense	23,468.15	34,623.19	40,000.00	0.86558
Brush Control Expenses	-	-	-	#DIV/0!
Training and Workshops	-	-	-	#DIV/0!
Contractual Services Expenses	-	-	-	#DIV/0!
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	992.06	2,918.07	3,000.00	0.97269
Bonding/Liability Insurance	-	1,125.00	1,200.00	0.9375
Grants Expense	-	-	-	#DIV/0!
Conservation Project Expenses	7,652.78	8,676.12	10,849.00	0.799716
Miscellaneous (e.g. Chipper Expense)	10,690.00	34,060.00	72,720.00	0.468372
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>91,401.30</b>	<b>240,094.16</b>	<b>298,654.00</b>	
<b>Other Expenditures 299</b>				
Water Trust Board	-	-	-	#DIV/0!
District Building	-	-	-	#DIV/0!
Interstate Streams Loan Program Expense	-	-	-	#DIV/0!
Emergency Watershed Protection Program Expense	-	-	-	#DIV/0!
Miscellaneous (from Other Funds 299 tab)	#REF!	-	-	#DIV/0!
<b>Total Other Expenditures</b>	<b>#REF!</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>
<b>Debt Service 400</b>				
Bond Payments Principal	-	-	-	#DIV/0!
Bond Payments- Interest	-	-	-	#DIV/0!
Other Debt Service	32,781.64	32,781.64	5,000.00	6.556328
<b>Total Debt Service Expenditures</b>	<b>32,781.64</b>	<b>32,781.64</b>	<b>5,000.00</b>	<b>6.556328</b>
<b>TOTAL EXPENDITURES Current Quarter</b>	<b>#REF!</b>	<b>272,875.80</b>	<b>303,654.00</b>	

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, 2013**

**2007-001 TIMELINESS OF REPORT**

**CONDITION**

The Socorro Soil and Water Conservation District submitted the required agreed upon procedures report for the 2013 fiscal year after the deadline of December 1, 2013.

**CRITERIA**

The District was required to submit the agreed upon procedures report for the year ended June 30, 2013 on or before December 1, 2013 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 2013 fiscal year report was not submitted timely because the District has been in the process of getting older years submitted first.

**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 reports completed in a timely manner.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

**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. We anticipate that FY 2013 report will be completed and submitted by February 2015.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE  
June 30, 2013**

An exit conference was held on February 18, 2015 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