

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

REPORT ON AGREED UPON PROCEDURES

JUNE 30, 2014

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

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**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT
June 30, 2014**

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, 2014. 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, 2014**

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 two demand deposit accounts at a local bank. 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 six 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.

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.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
 AGREED UPON PROCEDURES
 June 30, 2014**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

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	\$ 155,380	145,000	10,380
Federal Grants	35,000	35,000	-
State Funding	46,594	49,270	(2,676)
Other Grants	5,064	2,500	2,564
Loan Repayments	2,500	2,000	500
Interest/Dividends	135	100	35
Total	<u>\$ 244,673</u>	<u>233,870</u>	<u>10,803</u>

The variance in property taxes is related to conservative budgeting. Considering the above, all revenues recorded appear reasonable.

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.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2014**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

3. REVENUES – CONTINUED

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 96% 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 (five largest) 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, 2014**

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. In reviewing general ledger in QuickBooks, we noted one adjusting entry in current year. The adjusting entry was provided to the District in the current year by the auditing firm reviewing fiscal year 2010. The journal entry appears reasonable as determined by review of supporting documentation.

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 August 2, 2013 approving the District's FY 2013-14 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 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.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2014**

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, 2014 on or before December 1, 2014 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, 2014

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 145,000	145,000	155,380	10,380
Federal grants	50,000	35,000	35,000	-
State funding	46,720	49,270	46,594	(2,676)
Other grants	2,500	2,500	5,064	2,564
Loan repayments	2,000	2,000	2,500	500
Interest and dividends	100	100	135	35
	<hr/>			
Total revenues	246,320	233,870	244,673	10,803
	<hr/>			
Expenditures				
Current:				
Personnel services	125,000	121,500	118,911	2,589
General government	74,550	84,550	78,539	6,011
Grant expenditures	34,720	37,270	40,000	(2,730)
Miscellaneous	-	-	5,181	(5,181)
Loan payments	1,604	1,604	1,604	-
	<hr/>			
Total expenditures	235,874	244,924	244,235	689
	<hr/>			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 10,446	(11,054)	438	11,492
	<hr/>			
Prior year cash appropriated to balance budget	\$ -	-		
	<hr/>			

PBC

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.

[Signature]

x

S.W.C.D.: Socorro
 Period Ending: 06/30/14

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND	UNAUDITED BEGINNING CASH BALANCE @ July 1	INVESTMENTS	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
101	GENERAL FUND	190,508.12	-	242,169.92	-	262,530.50	170,147.54	6,869.94			177,017.48	177,017.48	-
218	INTERGOVERNMENTAL GRANTS	-	-	-	-	-	-	-			-	-	-
299	OTHER	-	-	-	-	-	-	-			-	-	-
400	DEBT SERVICE	3,141.39	-	2,503.37	-	1,603.68	4,041.08	1,603.68			5,644.76	5,644.76	-
	GRAND TOTAL	193,649.51	-	244,673.29	-	264,134.18	174,188.62	8,473.62	-	-	182,662.24	182,662.24	-

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

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

[Expenditures to date includes \\$16,143.01 from checks written in May and June 2013 but did not clear bank until July 2013.](#)

[From OB Balance Sheet 7/1/2013 thru 3/31/2013 \\$125,623.05 + \\$16,143.01 = \\$141,766.06 for expenditures. See attached QB reports.](#)

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Property Tax - Current Year	39,036.70	141,302.65	140,000.00	1.01
Property Tax - Delinquent	5,190.88	14,077.02	5,000.00	2.82
Property Tax - Penalty & Interest	-	-	-	#DIV/0!
Oil and Gas - Equipment	-	-	-	#DIV/0!
Oil and Gas - Production	-	-	-	#DIV/0!
Total Interest income From Bank Accounts and CDs	34.52	131.91	100.00	1.32
Hazardous Fuels Income	-	-	-	#DIV/0!
Grass Seed and or Tree Sales	-	-	-	#DIV/0!
Book Sales	-	-	-	#DIV/0!
Rent Revenue	-	-	-	#DIV/0!
Brush Control Materials	-	-	-	#DIV/0!
Noxious Weed Program	5,000.00	35,000.00	35,000.00	1.00
Conservation Sale Items	-	-	-	#DIV/0!
State Allotments	593.72	11,874.34	12,000.00	0.99
moved from private grants--Miscellaneous	567.00	5,064.00	2,500.00	2.03
moved from State grants to balance budget done to balance summary sheet	34,720.00	34,720.00	37,270.00	0.93
TOTAL GENERAL FUND REVENUES	85,142.82	242,169.92	231,870.00	
Intergovernmental Grants 218				
University Grants	-	-	-	#DIV/0!
Federal Grants	-	-	-	#DIV/0!
State Grants	-	-	-	#DIV/0!
Local Grants	-	-	-	#DIV/0!
Private Grants	-	-	-	#DIV/0!
Legislative Funding	-	-	-	#DIV/0!
Miscellaneous	-	-	-	#DIV/0!
TOTAL GRANT REVENUES	-	-	-	n/a
Other 299				
Contract Services	-	-	-	#DIV/0!
Educational Income	-	-	-	#DIV/0!
Charges for Services	-	-	-	#DIV/0!
Capital Outlay Funded	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Emergency Watershed Protection Program	-	-	-	#DIV/0!
Project Income	-	-	-	#DIV/0!
Project Expenses Income	-	-	-	#DIV/0!
Silent Auctions	-	-	-	#DIV/0!
Miscellaneous	-	-	-	#DIV/0!
TOTAL OTHER 299	-	-	-	
Debt Service 400				
General Obligation Bonds	-	-	-	#DIV/0!
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
Revenue Bonds	-	-	-	#DIV/0!
Bond Proceeds	-	-	-	#DIV/0!
Revenue Bonds - GRT	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Revenue Bonds - Other	-	-	-	#DIV/0!
Miscellaneous (NMFA, BOF, etc.)	-	-	-	#DIV/0!
Investment Income	0.99	3.37	-	#DIV/0!
Loan Revenue	-	2,500.00	2,000.00	1.25
TOTAL DEBT SERVICE REVENUES	0.99	2,503.37	2,000.00	
GRAND TOTALS REVENUES- CURRENT QTR	85,143.81	244,673.29	233,870.00	

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

SWCD:
Socorro

Period Ending: 6/30/2014

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	31,542.75	118,911.37	120,000.00
GRT Taxes	-	-	-
Mileage and Per Diem	-	-	1,500.00
Fees and Services	-	-	-
Office Expense	3,658.97	8,181.18	7,500.00
Building Expenses (e.g. rent/maintenance)	2,864.60	13,179.10	12,000.00
Supplies	-	-	-
Election Expense	-	-	-
Education expense	-	-	-
Vehicle Expense (Insurance, gas, maintenance)	3,523.70	8,882.87	9,000.00
Advertising, Public Relations (e.g. newsletter)	-	-	300.00
Annual Audit Expenses	-	4,280.00	12,000.00
Dues and Board Fees	827.95	4,144.46	4,000.00
Field Supplies (e.g. Salt Cedar Mechanical Removal)	1,929.73	1,929.73	1,000.00
Postage Expense	65.65	771.59	750.00
Cost Sharing Expense	31,814.25	34,142.61	35,000.00
Brush Control Expenses	-	-	-
Training and Workshops	-	-	-
moved from State grants-Contractual Services Expenses	40,000.00	40,000.00	37,270.00
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	941.38	3,027.49	3,000.00
Miscellaneous (e.g. Chipper Expense)	-	5,180.55	-
TOTAL GENERAL FUND EXPENDITURES	117,168.98	242,630.95	243,320.00
Intergovernmental Grants Expenditures 218			
University Grants	-	-	-
Federal Grants	-	-	-
State Grants	-	-	-
Local Grants	-	-	-
Private Grants	-	-	-
Legislative Funding	-	-	-
Other	-	-	-
Total Grant Expenditures	-	-	-
Other Expenditures 299			
Loan Payments	1,603.68	1,603.68	1,604.00
Capital Outlay Expenses/Capital Projects	-	-	-
Conservation and Environmental Control Expenses	-	-	-
Bonding	-	-	-
All Other Insurance	-	-	-
Loan Program Expenses Including Loan Repayments	-	-	-
Miscellaneous Expenses	-	-	-
Other Fund 299 FROM DETAIL PAGE TAB	-	-	-
Total Other Expenditures	1,603.68	1,603.68	1,604.00
Debt Service 400			
Bond Payments Principal	-	-	-
Bond Payments- Interest	-	-	-
Other Debt Service	-	-	-
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES Current Quarter	118,772.66	244,234.63	244,924.00

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, 2014**

2007-001 TIMELINESS OF REPORT

CONDITION

The Socorro Soil and Water Conservation District submitted the required agreed upon procedures report for the 2014 fiscal year after the deadline of December 1, 2014.

CRITERIA

The District was required to submit the agreed upon procedures report for the year ended June 30, 2014 on or before December 1, 2014 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 2014 fiscal year final report was not submitted by the deadline because the District was still in the process of completing the 2013 fiscal year report.

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, 2014**

MANAGEMENT RESPONSE

The District has selected Ricci & Company, LLC for the FY 2014 contract as part of the FY 2011, FY 2012, FY 2013 and FY 2014 contract selection process. We anticipate FY 2014 will be completed and submitted by February 2015, which will then have the District up to date on reporting.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
June 30, 2014**

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