

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

REPORT ON AGREED UPON PROCEDURES

JUNE 30, 2015

**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT**

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**SOCORRO SOIL AND WATER
CONSERVATION DISTRICT
June 30, 2015**

Official Roster

Board of Supervisors

Richard Ritter, Chairperson
Edward Harris, Vice-Chairperson
Chris Lopez, Secretary/Treasurer
Gordon Herkenhoff, Supervisor
Jose Vega, 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, 2015. 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
September 18, 2015

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
AGREED UPON PROCEDURES
June 30, 2015**

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, 2015**

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	\$ 151,838	160,000	(8,162)
Federal Grants	40,025	109,247	(69,222)
State Funding	75,365	72,720	2,645
Loan Repayments	1,800	2,505	(705)
Conservation Sale	140	1,000	(860)
Interest/Dividends	112	135	(23)
Total	<u>\$ 269,280</u>	<u>345,607</u>	<u>(76,327)</u>

The variance in property taxes is related to greater instances of property tax delinquencies during the fiscal year. The variance in other grants is due to the timing of grant drawdowns and spending on restoration. 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, 2015**

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 84% 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-five cash disbursements 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, 2015**

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 the general ledger in QuickBooks, we noted that there were no adjusting entries posted in the current 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 August 31, 2014 approving the District's FY 2014-15 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, 2015**

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.

No information came to our attention, material or immaterial, that indicated any fraud, illegal acts, noncompliance, or internal control deficiencies affecting the District.

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND - CASH BASIS
Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 160,000	160,000	151,838	(8,162)
Federal grants and contracts	58,000	109,247	40,025	(69,222)
State funding	46,720	72,720	75,365	2,645
Loan repayments	2,005	2,505	1,800	(705)
Conservation sale	-	1,000	140	(860)
Interest and dividends	120	135	112	(23)
Total revenues	266,845	345,607	269,280	(76,327)
Expenditures				
Current:				
Personnel services	121,000	121,000	121,328	(328)
General government	81,140	134,300	103,058	31,242
Grant expenditures	72,720	119,407	76,444	42,963
Loan payments	1,604	1,604	1,604	-
Total expenditures	276,464	376,311	302,434	73,877
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (9,619)	(30,704)	(33,154)	(2,450)
Prior year cash appropriated to balance budget	\$ 9,619	30,704		

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.

S.W.C.D.: Socorro
 Period Ending: 06/30/15

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	170,147.54	-	267,480.40	-	300,829.52	136,798.42	3,791.92			140,590.34	140,590.34	-
218	INTERGOVERNMENTAL GRANTS	-	-	-	-	-	-						-
299	OTHER	-	-	-	-	-	-						-
400	DEBT SERVICE	4,041.08	-	1,800.00	-	1,603.68	4,237.40				4,237.40	4,237.40	-
	GRAND TOTAL	174,188.62	-	269,280.40	-	302,433.20	141,035.82	3,791.92			144,827.74	144,827.74	-

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

*USER NOTE: (Please describe what any reverse adjustments are used for.)

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
General Fund 101				
Property Tax - Current Year	36,332.46	141,501.32	150,000.00	0.94
Property Tax - Delinquent	1,766.36	10,336.46	10,000.00	1.03
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	26.23	112.02	135.00	0.83
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	15,630.29	74,649.79	109,247.00	0.68
Conservation Sale Items	-	140.00	1,000.00	0.14
State Allotments	2,037.04	40,740.81	72,720.00	0.56
Miscellaneous	-	-	-	#DIV/0!
	-	-	-	#DIV/0!
	-	-	-	#DIV/0!
TOTAL GENERAL FUND REVENUES	55,792.38	267,480.40	343,102.00	
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!
	-	-	-	#DIV/0!
TOTAL OTHER 299	-	-	-	
Debt Service 400				
General Obligation Bonds				
General Obligation - (Property Tax)	-	-	-	#DIV/0!
Investment Income	-	-	-	#DIV/0!
Other - Misc	-	-	-	#DIV/0!
Revenue Bonds				
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	-	-	-	#DIV/0!
Loan Revenue	-	1,800.00	2,505.00	0.72
TOTAL DEBT SERVICE REVENUES	-	1,800.00	2,505.00	
GRAND TOTALS REVENUES- CURRENT QTR	55,792.38	269,280.40	345,607.00	

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

SWCD:
Socorro

Period Ending: 6/30/2015

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET
GENERAL FUND 101			
Personnel Services, Salaries including Benefits	33,290.29	121,327.65	121,000.00
GRT Taxes	-	-	-
Mileage and Per Diem	-	-	-
Fees and Services	-	-	-
Office Expense	1,433.83	6,428.78	12,000.00
Building Expenses (e.g. rent/maintenance)	2,743.92	15,580.98	17,000.00
Supplies	-	-	-
Election Expense	27.26	97.69	500.00
Education expense	899.61	1,110.19	500.00
Vehicle Expense (Insurance, gas, maintenance)	3,595.76	14,204.59	9,000.00
Advertising, Public Relations (e.g. newsletter)	-	-	-
Annual Audit Expenses	-	12,305.00	12,500.00
Dues and Board Fees	174.30	5,768.72	4,000.00
Field Supplies (e.g. Salt Cedar Mechanical Removal)	2,371.77	3,661.52	30,000.00
Postage Expense	178.80	858.07	800.00
Cost Sharing Expense	21,458.19	36,130.65	40,000.00
Brush Control Expenses	-	-	-
Training and Workshops	1,615.29	4,558.66	4,500.00
Contractual Services Expenses	1,885.50	76,443.92	119,407.00
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	781.34	2,353.10	3,500.00
Miscellaneous (e.g. Chipper Expense)	-	-	-
TOTAL GENERAL FUND EXPENDITURES	70,455.86	300,829.52	374,707.00
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	-	-	-
Capital Outlay Expenses/Capital Projects	-	-	-
Conservation and Environmental Control Expenses	-	-	-
Bonding	-	-	-
All Other Insurance	-	-	-
Loan Program Expenses Including Loan Repayments	1,603.68	1,603.68	1,604.00
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	72,059.54	302,433.20	376,311.00

7339.54
14828.80
11121.95
33290.29
is equal to:

25,531.41
54,682.30
41,113.94
121,327.65
Payroll 4/5/2015 through 6/27/2015
Payroll 6/29/2014 Through 6/27/2015
equal to:

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, 2015**

	<u>Type Of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
None			
Prior Year Findings:			
Timeliness of Report – Resolved	Compliance	2007-001	N/A

**SOCORRO SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE
June 30, 2015**

An exit conference was held on September 18, 2015 to discuss the agreed upon procedures.
Attending were the following:

Representing the Socorro Soil and Water Conservation District:

Board of Supervisors:

Richard Ritter, Chairperson

Management:

Nyleen H. Troxel Stowe, Director of Special Projects

Representing the Independent Accountant:

Donna Peace, CPA, Principal