

# PORCH & ASSOCIATES LLC

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

SOCORRO SOIL & WATER CONSERVATION DISTRICT

Report of Independent Accountant on the  
Application of Agreed-Upon Procedures

June 30, 2017

SOCORRO SOIL & WATER CONSERVATION DISTRICT

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SOCORRO SOIL & WATER CONSERVATION DISTRICT

List of Principal Officials

June 30, 2017

**Board of Directors**

Richard Ritter	Chair
Eddy Harris	Vice-Chair
J. Chris Lopez	Secretary/Treasurer
Gordon (Corky) Herkenhoff	Member
Jose “Lencho” Vega	Member

**District Staff**

Nyleen H. Troxel Stowe	Director of Special Projects and Program Manager
Will Kolbenschlag	Range Technician

## **Report of Independent Accountant on the Application of Agreed-Upon Procedures**

Mr. Timothy Keller, New Mexico State Auditor and  
The Board of Directors  
Socorro Soil & Water Conservation District  
Socorro, New Mexico

We have performed the procedures enumerated below, which were agreed to by the Socorro Soil & Water Conservation District (District) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the District's financial reporting relating to its cash, capital assets, debt, revenues, expenditures, journal entries, and budget information and its compliance with Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2017. The District's management is responsible for its accounting records, financial reporting, and compliance with the State Auditor rules as described above.

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 those parties specified in the 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.

Our procedures and findings are as follows:

In accordance with Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and associated findings are as follows:

### **1. Verify the Local Public Body's Revenue Calculation for Tiered System Reporting**

We used the tiered system reporting worksheet provided by the New Mexico State Auditor's Office to recalculate the tiered system reporting calculation prepared by the Board.

#### **Findings Resulting from Procedure 1**

Our procedures confirmed that the Board should have Tier 4 procedures.

### **2. 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.
- b) Perform a test of at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division (DFA).

Mr. Timothy Keller, New Mexico State Auditor and  
The Board of Directors  
Socorro Soil & Water Conservation District  
Socorro, New Mexico

- c) Determine whether the local public body's financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

**Findings Resulting from Procedures 2(a) – 2(c): See finding 2017-001 for details.**

1. For the purposes of performing these procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month. Bank reconciliations were prepared on a timely basis.
2. The cash reconciliations are correct. However, the September 30, 2016 reconciliations do not agree to the trial balance by \$100, and the June 30, 2017 reconciliations do not agree to the trail balance by \$(2,019).
3. The amount of cash reported to DFA at September 30, 2016 was \$95,248, which is \$404 more than the reconciled cash balance of \$95,652. The amount of cash reported to DFA at June 30, 2017 was \$144,564, which is \$2,120 more than the reconciled cash balance of \$146,684.
4. All cash accounts are covered by FDIC insurance. In addition, the bank has pledged \$100,321 in bonds as additional security.

**3. Capital Assets**

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

**Findings Resulting from Procedure 3**

The District is performing the required yearly inventory.

**4. Revenue**

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.

Select a sample of at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation in the bank statement.

Mr. Timothy Keller, New Mexico State Auditor and  
The Board of Directors  
Socorro Soil & Water Conservation District  
Socorro, New Mexico

- 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.

**Findings Resulting from Procedures 5(a) – 5(c):**

The District has recorded revenue correctly.

**5. Expenditures**

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

- a) 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.
- 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).

**Findings Resulting from Procedures 5(a) – 6(c)**

The Board has approved all purchases. Procurement policies have been followed.

**6. Journal Entries**

If non-routine journal entries, such as adjustments or reclassification, 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.

Mr. Timothy Keller, New Mexico State Auditor and  
The Board of Directors  
Socorro Soil & Water Conservation District  
Socorro, New Mexico

### **Findings Resulting from Procedures 6(a) – 6(b)**

No non-routine journal entries, such as adjustments or reclassifications were posted to the general ledger.

### **7. 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.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a 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.

### **Findings Resulting from Procedures 7(a) – 7(c)**

1. The original budget was approved by the Board and DFA-LGS. There were no budget adjustments for the year.
2. Actual expenditures have not exceeded budgeted expenditures.

### **8. 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.

### **Findings Resulting from Procedure 8**

See the Schedule of Findings and Responses beginning on page 12.

\* \* \* \* \*

Mr. Timothy Keller, New Mexico State Auditor and  
The Board of Directors  
Socorro Soil & Water Conservation District  
Socorro, New Mexico

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the District's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the District, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and is not intended to be, and should not be, used by anyone other than those specified parties.

*Porch & Associates, LLC*

Albuquerque, New Mexico  
October 20, 2017



**SOCORRO SOIL & WATER CONSERVATION DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Property Tax - current & delinque \$	155,000	155,000	155,215	215
Total interest	100	100	85	(15)
Noxious weed program	50,000	50,000	42,500	(7,500)
State allotments	55,740	55,740	52,401	(3,339)
Miscellaneous	500	500	699	199
Wildlife escape ramps	500	500	-	(500)
Other	35,000	35,000	14,392	(20,608)
<b>Total revenues</b>	<b>296,840</b>	<b>296,840</b>	<b>265,292</b>	<b>(31,548)</b>
<b>Expenditures</b>				
Financial review	3,000	3,000	2,532	468
Building	16,000	16,000	15,210	790
Contractual services	40,740	40,740	40,500	240
Cost sharing	40,000	40,000	33,752	6,248
Dues and board fees	7,000	7,000	7,239	(239)
Elections	500	500	-	500
Field supplies	1,000	1,000	-	1,000
Miscellaneous	2,500	2,500	-	2,500
Office	8,000	8,000	6,323	1,677
Postage	750	750	491	259
Salaries and benefits	130,000	130,000	127,998	2,002
Utilities	2,500	2,500	3,048	(548)
Vehicle	10,000	10,000	8,338	1,662
<b>Total expenditures</b>	<b>261,990</b>	<b>261,990</b>	<b>245,431</b>	<b>16,559</b>
Net change in fund balance	\$ 34,850	34,850	19,861	(48,107)

**SOCORRO SOIL & WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Loan Revenue	\$ -	-	3	3
Expenditures				
Other debt service	1,604	1,604	1,604	-
Net change in fund balance	(1,604)	(1,604)	(1,601)	3
Prior year cash appropriated	1,604	1,604	1,601	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	

DEPARTMENT OF FINANCE AND ADMINISTRATION (DFA)  
 LOCAL GOVERNMENT DIVISION (LGD)  
 BUDGET AND FINANCE BUREAU  
 SOIL AND WATER CONSERVATION DISTRICT  
 QUARTERLY YEAR TO DATE FINANCIAL REPORT

PLEASE 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.

x \_\_\_\_\_ *[Signature]*

Soil and Water Conservation District: Socorro \_\_\_\_\_  
 Period Ending: 06/30/17

YEAR TO DATE TRANSACTIONS PER BOOKS QUARTERLY REPORT

Fund #	FUND (1)	CASH BALANCE PER BOOKS July 1, 2016 (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	121,661	265,293		245,431	141,523			100	141,623	141,623	-
218	INTERGOVERNMENTAL GRANTS		-	-	-	-				-		-
299	OTHER		-	-	-	-				-		-
400	DEBT SERVICE	4,641	3		1,604	3,041				3,041	3,041	0
	<b>GRAND TOTAL</b>	126,303	265,296	-	247,034	144,564	-	-	100	144,664	144,664	0

NOTE: DETAIL PAGES will complete the Recap except for Cash Per Books on July 1.

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

Adjustment Note: Total adjustment of \$100 is check #5651 from June 10, 2016 which had to be voided and rewritten in FY 2017 due to US post office losing the check.

SWCD:  
Socorro

Period Ending: 6/30/2017

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>General Fund 101</b>				
Total Property Tax Production To Date	42162	155215	155000	1.001388516
Total Interest From Bank Accounts and CDs	24	85	100	0.8466
Hazardous Fuels Income	0	0	0	
Grass Seed and or Tree Sales	0	0	0	
Book Sales	0	0	0	
Rent Revenue	0	0	0	
Brush Control Materials	0	0	0	
Noxious Weed Program	13750	42500	50000	0.85
State Allotments	34917	52401	55740	0.940105131
Conservation Sale Items	0	0	0	
Miscellaneous	0	699	500	1.39844
Wldlife Escape Ramps	0	0	500	0
Other Income	6880	14392	35000	0.4112
	0	0	0	
<b>TOTAL GENERAL FUND REVENUES</b>	\$ 97,733	\$ 265,293	\$ 296,840	0.893722409
<b>Intergovernmental Grants 218</b>				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Miscellaneous (e.g. NMDA)	0	0	0	
<b>TOTAL GRANT REVENUES</b>	\$ -	\$ -	\$ -	
<b>Other 299</b>				
Contract Services	0	0	0	
Educational Income	0	0	0	
Charges for Services	0	0	0	
Capital Outlay Funded	0	0	0	
Project Income-Conservation & Environmental	0	0	0	
Emergency Watershed Protection Program	0	0	0	
Project Income - Reloan Program	0	0	0	
Project Expenses Income	0	0	0	
Silent Auctions	0	0	0	
Miscellaneous	0	0	0	
<b>OTHER FUND 299 FROM DETAIL TAB</b>	0	0	0	
<b>TOTAL OTHER 299</b>	\$ -	\$ -	\$ -	
<b>Debt Service 400</b>				
<b>General Obligation Bonds</b>	0	0	0	
General Obligation - (Property Tax)	0	0	0	
Investment Income	0	0	0	
Other - Misc	0	0	0	
<b>Revenue Bonds</b>	0	0	0	
Bond Proceeds	0	0	0	
Revenue Bonds - GRT	0	0	0	
Investment Income	0	0	0	
Revenue Bonds - Other	0	0	0	
<b>Miscellaneous (NMFA, BOF, etc.)</b>	0	0	0	
Investment Income	0	0	0	
Loan Revenue	0	3	0	
<b>TOTAL DEBT SERVICE REVENUES</b>	\$ -	\$ 3	\$ -	
<b>GRAND TOTALS REVENUES- CURRENT QTR</b>	\$ 97,733	\$ 265,296	\$ 296,840	0.893733291

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



SWCD:  
Socorro

Period Ending: 6/30/2017

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	% OF BUDGET
<b>GENERAL FUND 101</b>				
Personnel Services, (Salaries and Benefits)	29,337	127,998	130,000	0.98459915
Mileage and Per Diem	0	0	0	
Vehicle Expense (Insurance, gas, maintenance)	1,948	8,338	10,000	0.833848
Building Expenses (e.g. rent/maintenance)	3,097	15,210	16,000	0.9505975
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	820	3,048	2,500	1.219088
Telephone	0	0	0	
Postage Expense	125	491	750	0.654
OfficeSupplies and Other Expenses	1,175	6,323	8,000	0.79034625
Office Furniture and Equipment	0	0	0	
Advertising and Public Relations (e.g. newsletter)	0	0	0	
Training, Workshops & Education expense	0	0	0	
Annual Audit/Financial Report Expenses	0	2,532	3,000	0.84410333
Dues and Board Fees	584	7,239	7,000	1.03413571
Election Expense	0	0	500	0
Field Supplies & Equipment	0	0	1,000	0
Cost Sharing Expense	12,226	33,752	40,000	0.84381125
Brush Control Expenses	0	0	0	
Contractual Fees and Other Services (Comm. Proj.)	29,493	40,500	40,740	0.99410972
GRT Taxes	0	0	0	
Miscellaneous (e.g. Meetings)	0	0	2,500	0
	0	0	0	
	0	0	0	
	0	0	0	
<b>Total General Fund Expenditures</b>	\$ 78,805	\$ 245,431	\$ 261,990	0.936794
<b>Intergovernmental Grants Expenditures 218</b>				
State or University Grants	0	0	0	
Federal Grants	0	0	0	
State Grants	0	0	0	
Local Grants	0	0	0	
Private Grants	0	0	0	
Legislative Funding	0	0	0	
Other	0	0	0	
<b>Total Grant Expenditures</b>	\$ -	\$ -	\$ -	
<b>Other Expenditures 299</b>				
Loan Payments	0	0	0	
Capital Outlay Expenses/Capital Projects	0	0	0	
Conservation and Environmental Control Expenses	0	0	0	
Bonding	0	0	0	
All Other Insurance	0	0	0	
Loan Program Expenses including Loan Repayments	0	0	0	
Miscellaneous Expenses	0	0	0	
<b>OTHER FUND 299 FROM DETAIL TAB</b>	0	0	0	
<b>Total Other Expenditures</b>	\$ -	\$ -	\$ -	
<b>Debt Service 400</b>				
Bond Payments Principal	0	0	0	
Bond Payments- Interest	0	0	0	
Other Debt Service	1,604	1,604	1,604	0.9998005
<b>Total Debt Service Expenditures</b>	1,604	1,604	1,604	0.9998005
<b>TOTAL EXPENDITURES Current Quarter</b>	\$ 80,408	\$ 247,034	\$ 263,594	0.9371774

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

**SOCORRO SOIL & WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2017**

**Status of Prior Year Findings**

None

**SOCORRO SOIL & WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2017**

**2017-001 Cash Balance Reporting**

*Condition:* During our procedures over cash we found the following:

1. The cash reconciliations are correct. However, the September 30, 2016 reconciliations do not agree to the trial balance by \$100, and the June 30, 2017 reconciliations do not agree to the trail balance by \$(2,020).
2. The amount of cash reported to DFA at September 30, 2016 was \$95,248, which is \$404 more than the reconciled cash balance of \$95,652. The amount of cash reported to DFA at June 30, 2017 was \$144,564, which is \$2,120 more than the reconciled cash balance of \$146,684.

*Progress Towards Implementing the Prior Year Corrective Action Plan:* NA - this is a new finding in the current year.

*Criteria:* Section 6-10-2 NMSA 1978, requires the District to keep accurate records of cash for public record.

*Effect:* The District has under reported cash for the year and over reported expenses.

*Cause:* The District back dated three payroll related checks after yearend which reduced the cash balance by \$2,020. We could not determine why cash balances were misstated at September 30, 2016, or why the proper balance was not reported to DFA.

*Auditor's Recommendations:* The District should develop a process to review discrepancies between reconciliations, QuickBooks, and the reports sent to DFA.

*Management's Response:*

*Corrective action(s):*

1. The \$100 balance, regarding check # 5651 written on 6/10/2016 was never received by payee and was voided and rewritten on 10/20/2017, check # 5708. Being in two fiscal years, this void of the check created the \$100 trail balance not agreeing with the reconciliation. As per section 6-10-57 of NMSA, when cancelling the check, it should be re-entered as miscellaneous income. This has currently been done in QuickBooks for the Socorro SWCD (11/29/2017).
2. The reconciled cash balance as of 6/30/2017 with a difference of \$2,120 is Federal, State, PERA, etc payroll taxes and withholding that were back dated to 6/30/2017, but did not clear the bank until after July 1, 2017. Corrective action has begun with the second quarter budget reporting of FY 2017.

**SOCORRO SOIL & WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2017**

**2017-001 Cash Balance Reporting (Continued)**

*Responsible party:* Nyleen Troxel Stowe and Socorro SWCD Board

*Timeline of corrective action(s):* Corrected in November 2017.



**SOCORRO SOIL & WATER CONSERVATION DISTRICT  
EXIT CONFERENCE  
Year Ended June 30, 2017**

An exit conference was held on November 28, 2017, and attended by the following:

Socorro Soil & Water Conservation District

Richard Ritter, Board Chair

Nyleen H. Troxel Stowe, Director of Special Projects

Porch & Associates LLC

Thad Porch, Managing Principal

\* \* \* \* \*

The financial statements were prepared by Porch & Associates LLC from the books and records of the District. However, the contents of these financial statements remain the responsibility of the District's management.