

State of New Mexico
OFFICE OF THE STATE AUDITOR

STATE OF NEW MEXICO

CENTRAL CURRY
SOIL AND WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2005

(With Independent Auditor's Report Thereon)



Domingo P. Martinez, CGFM
State Auditor

8006

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

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JUNE 30, 2005

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STATE AUDIT

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2005

<u>Board of Supervisors</u>	<u>Position</u>
Spencer Pipkin	Chairperson
Tish McDaniel	Vice-Chairperson
John Wood	Secretary/Treasurer
Greg Nash	Supervisor
Toby Bostwick	Supervisor
Ben Widener	Supervisor
Aaron Scott	Supervisor
<u>District Personnel</u>	<u>Title</u>
Cindy Wall	District Manager



State of New Mexico

OFFICE OF THE STATE AUDITOR

Domingo P. Martinez, CGFM
State Auditor

Carl M. Baldwin, CPA, CFE
Deputy State Auditor

INDEPENDENT AUDITOR'S REPORT

Mr. Spencer Pipkin, Chair
and Members of the Board of Supervisors
Central Curry Soil and Water Conservation District
918 Parkland
Clovis, New Mexico 88101

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparison of the Central Curry Soil and Water Conservation District (District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District as of June 30, 2005, and the respective changes in financial position, thereof and the budgetary comparison for general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District has not presented the Management's Discussion and Analysis required by *GASB Statement No. 34* that the Governmental Accounting Standards Board has

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determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Office of the State Auditor

OFFICE OF THE STATE AUDITOR

February 24, 2006

STATE OF NEW MEXICO
 CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF NET ASSETS
 JUNE 30, 2005

	Governmental Activities
Assets	
Cash	\$ 6,335
Investments	8,970
Interest receivable	25
Capital assets, net of accumulated depreciation	1,350
Total assets	16,680
Liabilities	
Accounts payable	1,433
Accrued payroll	406
Deferred revenue	2,563
Noncurrent liabilities	
Due within one year	970
Due in more than one year	-
Total liabilities	5,372
Net Assets	
Invested in capital assets	1,350
Unrestricted	9,958
Total net assets	\$ 11,308

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
 CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Governmental Activities
Program Expenses:	
Conservation:	
Salaries	\$ 14,904
Employee benefits	11,010
Employment taxes	2,852
Dues	1,090
Meetings and election	381
Windbreak program	22,995
Travel	3,359
Bonding	100
Advertisement	296
Office supplies and equipment	677
Educational material	582
Postage	137
Gross receipt taxes	2,333
Special projects - Xeriscaping	13,622
Special projects - Rain Gauges	213
Depreciation	282
Total program expenses	74,833
Program Revenues:	
Charges for services	50,207
Operating grant -state source	13,622
Material sales/reimbursements	584
Total program revenues	64,413
Net program (expense) revenue	(10,420)
General Revenues:	
NMDA allotment	9,677
Donation	30
Interest	367
Miscellaneous	25
Loss on sale of equipment	(241)
Total general revenues	9,858
Change in net assets	(562)
Net assets at beginning of year	11,870
Net assets at end of year	\$ 11,308

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
 CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2005

	General Fund
Assets	
Cash	\$ 6,335
Investments	8,970
Interest receivable	25
Total assets	\$ 15,330
Liabilities and fund balance	
Liabilities:	
Accounts payable	\$ 1,433
Accrued payroll	406
Deferred revenue	2,563
Total liabilities	4,402
Fund balance:	
Unreserved, undesignated	10,928
Total fund balance	10,928
Total liabilities and fund balance	\$ 15,330

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
FINANCIAL STATEMENT RECONCILIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS:

Amounts reported for governmental activities in the Statement of Net Assets are different from the way they are reported in the Balance Sheet - Governmental Funds as follows:

Fund Balance - Balance Sheet (Exhibit 3)	\$ 10,928
Capital assets, net of accumulated depreciation	1,350

Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Compensated absences	<u>(970)</u>
Net Assets - Statement of Net Assets (Exhibit 1)	<u><u>\$ 11,308</u></u>

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General Fund</u>
Revenues	
Tree Sales	\$ 50,208
Grant Funds - state sources	13,622
Donations	30
State allocation	9,677
Interest Income	367
Reimbursements	584
Miscellaneous	25
Total revenues	<u>74,513</u>
Expenditures	
Conservation:	
Current:	
Salaries	13,934
Employee benefits	11,010
Employment taxes	2,852
Dues	1,090
Meetings and Election	381
Windbreak program	22,995
Travel	3,359
Bonding	100
Advertisement	296
Office supplies and equipment	678
Educational material	582
Postage	137
Gross receipt taxes	2,333
Special projects - Xeriscaping	13,622
Special projects - Rain Gauges	213
Capital outlay	1,390
Total expenditures	<u>74,972</u>
Net change in fund balance	(459)
Fund balance beginning of year	<u>11,387</u>
Fund balance end of year	<u>\$ 10,928</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
FINANCIAL STATEMENT RECONCILIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

RECONCILIATION OF THE STATEMENT OF ACTIVITIES TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES:

Net change in fund balance - Governmental Funds (Exhibit 4) \$ (459)

Amounts reported in the Statement of Activities are different because:

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. However, in the governmental funds, expenditures for these items are measured by the amount of financial resources used (actually paid). The increase for the liability not recorded in the balance sheet is: (970)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful life of the asset and reported as depreciation expense as follows:

Capital outlay 1,390
Depreciation expense (281)

Governmental funds do not report gain (loss) on sale of capital assets. However, in the Statement of Activities, the gain (loss) of the capital assets is reported.

Loss on sale of capital assets (241)

Change in net assets - Statement of Activities (Exhibit 2) \$ (562)

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Tree sales	\$ 60,000	\$ 60,000	\$ 50,208	\$ (9,793)
Grant Funds - state sources	23,100	23,100	13,622	(9,478)
Donations	3,000	3,000	30	(2,970)
State allocation	15,000	15,000	9,677	(5,323)
Interest income	500	500	342	(158)
Reimbursements	-	-	584	584
Miscellaneous	-	-	25	25
Total revenues	<u>\$ 101,600</u>	<u>\$ 101,600</u>	<u>\$ 74,488</u>	<u>\$ (27,112)</u>
Expenditures				
Current:				
Salaries	\$ 30,000	\$ 30,000	\$ 24,538	\$ 5,462
Taxes	10,050	5,050	4,813	237
Dues	2,500	2,500	1,090	1,410
Meetings and election	3,000	3,000	381	2,619
Windbreak program	36,000	36,000	23,495	12,505
Special projects	10,000	10,000	13,622	(3,622)
Travel	2,950	5,450	3,359	2,091
Bonding	200	200	100	100
Advertisement	400	400	296	104
Office supplies and equipment	1,000	3,500	2,068	1,432
Educational material	1,500	1,500	582	918
Postage	4,000	4,000	137	3,863
Total expenditures	<u>\$ 101,600</u>	<u>\$ 101,600</u>	<u>\$ 74,481</u>	<u>\$ 27,119</u>

The notes to the financial statements are an integral part of the statement.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Central Curry Soil and Water Conservation District (District) is organized under the provisions of the Soil and Water Conservation District Act (73-20-25 through 73-20-49 NMSA 1978). The District is a governmental subdivision of the state, a public body corporate and politic, organized for control and prevention of flood, sediment, and soil erosion damage, and to further the conservation, development and beneficial use of water and soil resources. The governing body of the District consists of five elected supervisors, four of whom must be landowners in the District. Two additional supervisors may be appointed to the District board. Supervisors serve a term of three years and continue in office until a successor is elected or appointed.

The financial reporting entity as defined by GASB 14 consists of the primary government, organizations for which the primary government is financially accountable, and other organizations whose exclusion from the financial reporting entity would cause the financial statements to be misleading.

A primary government is any state government or general-purpose local government and the organizations comprising its legal entity. Although the District is organized as a subdivision of the State and administratively attached to the New Mexico State University, Department of Agriculture, the statutory powers of the District establish it as a primary government with a separate corporate and legal identity. The District has no component units, financially dependent affiliates, nor is it legally liable for actions of other agencies.

The financial statements of the District have been prepared in conforming with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The District is required to implement GASB Statement No. 40, *Deposit and Investment Risk Disclosures* in fiscal year 2005. To enhance the usefulness of the financial statements, the significant policies of the District are summarized below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities,

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

which rely to a significant extent on fees and charges for support. However, the District does not have any business-type or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase conservation materials or services from the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

Grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity, if applicable, has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Net Assets and Fund Balance

1. Cash and Investments

The District's cash and cash equivalents are considered to be demand deposits and short term investments (certificates of deposit) with original maturities of eighteen months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, repurchase agreements, certificates of deposit and the State Treasurer's Investment Pool. Investments for the government, if applicable, are reported at fair value. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA, 1978. Participation in the local government investment pool is voluntary. For additional disclosure information regarding investments held by the State Treasurer, the reader should refer to the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2005.

2. Receivables and Payables

The District had interest receivable of \$25 that accrued from its certificate of deposit as of June 30, 2005. Accounts payable consisted of \$1,096 owed for gross receipts tax and \$337 owed for employment taxes.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

3. Capital Assets

Capital assets, which include property and equipment (including software), are reported in the governmental activities column in the government-wide financial statements. Capital assets, are defined by state law, are assets with an initial cost of \$1,000 and an estimated useful life of more than one year. The total amounts spent for construction, if any, are capitalized and reported in the government-wide financial statements. The District had no infrastructure required to be capitalized and disclosed under GASB 34. For donations, the government values these capital assets at the estimated fair value of the item at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Farm equipment	10 years
Computer equipment	6 years

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the government-wide financial statements.

According to District policy, an employee accrues 6 hours annual leave per two-week pay period.

5. Net Assets and Fund Balance

The difference between the District's assets and liabilities is its net assets. The District's net assets consist of two components – invested in capital assets, which is the cost of net assets, net of accumulated depreciation and unrestricted net assets. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The District had no reservations at fiscal year-end.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The budget is prepared on a basis that differs from accounting principles generally accepted in the United States of America (GAAP). GAAP basis revenues and expenditures include accrued amounts. The revenues and expenditures reported in the budgetary comparisons are generally recorded on the cash basis. The District uses the following procedures to establish the budgeted amounts reflected in the budgetary comparisons:

1. Prior to April 1, the Budget Committee submits to the District Board of Supervisors a proposed revenue and expenditure budget for the fiscal year beginning July 1.
2. The Board reviews the budget proposal and makes any necessary adjustments.
3. Prior to June 1, the Board approves the budget by passing a resolution.
4. Prior to June 20, the approved budget is submitted to the State of New Mexico, Department of Finance and Administration, Local Government Division (DFA-LGD) for approval by the first Monday of September. The Board receives notice of the approved budget.

The legal level at which actual expenditures may not exceed budgeted expenditures is at the total fund level. The Board can revise its budget with the approval of DFA-LGD. Encumbrance accounting is not utilized by the District.

B. Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis Financial Statements

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

	General Fund
Non-GAAP revenues (Exhibit 5)	\$ 74,488
Prior year receivables	-
Current year receivables	25
GAAP revenues (Exhibit 4)	<u>\$ 74,513</u>
Non-GAAP expenditures (Exhibit 5)	\$ 74,481
Prior year payables	(1,348)
Current year payables	1,839
GAAP expenditures (Exhibit 4)	<u>\$ 74,972</u>

III. Detailed Notes on all Funds

A. Cash and Investments

As of June 30, 2005, the District had a carrying amount of deposits of \$6,335. The bank balances for deposits were \$19,542. The difference between the carrying amount and the bank balance of deposits is due to outstanding checks of \$13,207. The total bank balance of \$19,542 consisted of the following:

<u>New Mexico Bank and Trust</u>	
Demand deposits	\$ 16,508
Less: FDIC coverage	(16,508)
Amount uninsured	<u>\$ -0-</u>
 <u>New Mexico Bank and Trust</u>	
Certificate of Deposit	\$ 3,034
Less: FDIC coverage	(3,034)
Amount uninsured	<u>\$ -0-</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2005, none of the District’s bank balances were exposed to custodial credit risk.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

As of June 30, 2005, the District had an investment of \$8,970 with the State Treasurer's Local Government Investment Pool. The investment is reported at fair value. The State Treasurer's Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA, 1978. Participation in the local government investment pool is voluntary. For additional disclosure information regarding investments held by the State Treasurer, the reader should refer to the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2005.

B. Receivables

Receivables in the general fund consist of \$25 for interest income receivable.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

Description	Balance		Deletions	Balance	
	06/30/04	Additions		06/30/05	
Farm equipment	\$ 2,500	\$ -	\$ -	\$ 2,500	
Computer equipment	1,450	1,390	(725)	2,115	
Totals	3,950	1,390	(725)	4,615	
Less: Accumulated Depreciation					
Farm Equipment	(2,500)			(2,500)	
Computer Equipment	(966)	(282)	483	(765)	
Net Capital Assets	<u>\$ 484</u>	<u>\$ 1,108</u>	<u>\$ (242)</u>	<u>\$ 1,350</u>	

D. Long-Term Debt

Changes in Long-term Liabilities

Long-term debt activity for the year ended June 30, 2005 was as follows:

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

	Balance 6/30/04	Increases	Decreases	Balance 6/30/05	Amount due within 1 year
Compensated					
absences	\$ -	\$ 2,110	\$ (1,140)	\$ 970	\$ 970
Totals	<u>\$ -</u>	<u>\$ 2,110</u>	<u>\$ (1,140)</u>	<u>\$ 970</u>	<u>\$ 970</u>

IV. Other Information

A. Employee Benefits

The District does not offer its employee any retirement or post-employment benefits as of June 30, 2005.

B. Risk Management

The District is exposed to various risks of loss due to torts, theft or damage of assets, errors and omissions and natural disasters. The District's supervisors and employees are covered by an errors and omissions liability policy purchased by the New Mexico State University, Department of Agriculture, to which the District is administratively attached. The limits for this policy are \$1,050,000 for each wrongful act and \$1,050,000 for the policy aggregated.

The District is required to obtain a corporate surety bond on behalf of persons responsible for District assets. The District currently maintains a \$10,000 surety bond.

The District has not sustained any losses during the last several years and is not a defendant in any lawsuit.

C. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.



State of New Mexico

OFFICE OF THE STATE AUDITOR

Domingo P. Martinez, CGFM
State Auditor

Carl M. Baldwin, CPA, CFE
Deputy State Auditor

Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Mr. Spencer Pipkin, Chair
and Members of the Board of Supervisors
Central Curry Soil and Water Conservation District
918 Parkland
Clovis, New Mexico 88101

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparison of the Central Curry Soil and Water Conservation District (District) as of and for the year ended June 30, 2005 and have issued our report dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as item 05-01.

This report is intended solely for the information and use of management, the New Mexico Office of the State Auditor, the New Mexico State University - Department of Agriculture, the state legislature and grantors and is not intended to be and should not be used by anyone other than these specified parties.

Office of the State Auditor

OFFICE OF THE STATE AUDITOR

February 24, 2006

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2005

STATUS OF PRIOR YEAR AUDIT FINDINGS

Finding 04-01. Timesheets for the new district manager were not by the employee –
Resolved and not repeated.

Finding 04-02. Cash handling – Resolved and not repeated.

Finding 04-03. Procurement code – Resolved and not repeated.

CURRENT YEAR AUDIT FINDINGS

05-01. Noncompliance with the New Mexico State Per Diem and Mileage Act Requirements

Condition

The District did not use the mileage rate \$0.32 per mile from the New Mexico State Per Diem and Mileage Act. During our expenditure test work, 3 out of 4 travel items did not comply with the New Mexico State Per Diem and Mileage Act. Members were reimbursed a total of \$535.80 mileage at various rates per mile instead of \$.032 per mile as allowed by the Act. For the items tested, \$90.36 was overpaid by the District.

Criteria

Title 2 Chapter 42 Part 2 [2.42.2.1 NMAC -N, 07/01/03] “Public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of the private automobile in the discharge of official duties as follows: privately owned automobile, thirty two cents (\$0.32) per mile.”

Cause

The District felt they could use the federal mileage rate.

Effect

Due to the District’s non-compliance with the New Mexico Per Diem and Mileage Act, \$90.36 was overpaid for the items tested. A detailed examination could reveal that more overpayments occurred.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2005

Recommendation

The District should use the State's Per Diem and Mileage Act rate (\$0.32 per mile) as required by state law.

Management's Response

The District concurs with the State Auditor's Office findings. The finding involving travel per diem was resolved and the District Manager understands the rate is for Special Districts and not the same rate NRCS uses. The finding has been rectified.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

FINANCIAL STATEMENT PREPARATION AND EXIT CONFERENCE
JUNE 30, 2005

Financial Statement Preparation

The accompanying financial statements were prepared by the Office of the State Auditor. However, the contents remain the responsibility of the District.

Exit Conference

On February 24, 2006, an exit conference was held at the District Office with Mr. Spencer Pipkin, Chairman, Mr. Greg Nash, Supervisor and Ms. Cindy Wall, District Manager of the Central Curry Soil and Water Conservation District. Representing the Office of the State Auditor was Chan Kim, CPA, Audit Manager.

