



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

STATE OF NEW MEXICO

**CENTRAL CURRY
SOIL AND WATER CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2006**

(With Independent Auditor's Report Thereon)

8006

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

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JUNE 30, 2006

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STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2006

<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
Aarn Scott	Supervisor
<u>District Personnel</u>	<u>Title</u>
Cindy Wall	District Manager



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

INDEPENDENT AUDITOR'S REPORT

Ms. Tish McDaniel, 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, 2006, 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, 2006, 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 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 April 20, 2007 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
April 20, 2007

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities
Assets	
Cash	\$ 6,579
Investments	4,380
Capital assets, net	997
Total assets	11,956
Liabilities	
Accounts payable	1,539
Accrued payroll	522
Noncurrent liabilities	
Due within one year	1,194
Due in more than one year	-
Total liabilities	3,255
Net Assets	
Invested in capital assets	997
Unrestricted	7,704
Total net assets	\$ 8,701

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, 2006

Exhibit 2

	Governmental Activities
Program Expenses:	
Conservation:	
Salaries	\$ 17,168
Employee benefits	11,938
Employment taxes	3,912
Dues	600
Meetings and Election	807
Windbreak program	21,645
Travel	1,785
Bonding	100
Advertisement	66
Office supplies	155
Equipments	3,945
Educational material	177
Postage	579
Gross receipt taxes	2,313
Special projects - Xeriscaping	2,256
Special projects - Terrain management	819
Depreciation	353
Total program expenses	68,618
Program Revenues:	
Charges for services - Tree & material sales	49,345
Total program revenues	49,345
Net program (expense) revenue	(19,273)
General Revenues:	
NMMA allotment	9,745
Grants -State source	6,419
Donation	30
Interest	472
Total general revenues	16,666
Change in net assets	(2,607)
Net assets at beginning of year	11,308
Net assets at end of year	\$ 8,701

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, 2006

Exhibit 3

	General Fund
Assets	
Cash	\$ 6,579
Investments	4,380
Total assets	\$ 10,959
Liabilities and fund balance	
Liabilities:	
Accounts payable	\$ 1,539
Accrued payroll	522
Total liabilities	2,061
Fund balance:	
Unreserved, undesignated	8,898
Total fund balance	8,898
Total liabilities and fund balance	\$ 10,959

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

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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)	\$ 8,898
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets, net of accumulated depreciation	997
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Compensated absences	<u>(1,194)</u>
Net Assets - Statement of Net Assets (Exhibit 1)	<u>\$ 8,701</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
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Exhibit 4

	<u>General Fund</u>
Revenues	
Tree Sales	\$ 48,228
Grant Funds - State sources	6,418
Donations	30
NMDA allotment	9,745
Interest Income	472
Reimbursements	<u>1,118</u>
Total revenues	<u>66,011</u>
Expenditures	
Conservation:	
Current:	
Salaries	16,943
Employee benefits	11,938
Employment taxes	3,912
Dues	600
Meetings and Election	807
Windbreak program	21,645
Travel	1,785
Bonding	100
Advertisement	66
Office supplies	155
Equipments	3,945
Educational material	177
Postage	579
Gross receipt taxes	2,313
Special projects - Xeriscaping	2,256
Special projects - Terrain managements	820
Capital outlay	<u>-</u>
Total expenditures	<u>68,041</u>
Net change in fund balance	(2,030)
Fund balance beginning of year	<u>10,928</u>
Fund balance end of year	<u><u>\$ 8,898</u></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
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balance - Governmental Funds (Exhibit 4) \$ (2,030)

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: (224)

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 -
 Depreciation expense (353)

Repayment of principal on long-term debt (note payable) is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount repaid in the current year:

Change in net assets - Statement of Activities (Exhibit 2) \$ (2,607)

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

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, 2006

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Tree Sales	\$ 63,670	\$ 63,670	\$ 48,228	\$ (15,442)
Special projects - reimbursements	-	5,000	1,043	(3,957)
Grant Funds - State sources	103,855	3,855	3,856	1
Donations	100	100	30	(70)
NMDA allocation	10,000	10,000	9,745	(255)
Interest Income	500	500	496	(4)
Reimbursements - NMACD	300	300	75	(225)
Total revenues	178,425	83,425	63,473	(19,952)
Cash balance budgeted	-	-		
Total revenues and cash balance budgeted	<u>\$ 178,425</u>	<u>\$ 83,425</u>		
Expenditures				
Salaries	\$ 33,810	\$ 33,810	\$ 16,828	\$ 16,982
Taxes	-	-	3,882	(3,882)
Employee benefits	-	-	11,938	(11,938)
Dues	1,100	1,100	600	500
Meetings and Election	2,955	2,955	807	2,148
Windbreak program	30,000	30,000	23,882	6,118
Special projects	-	5,000	3,075	1,925
Capital outlay projects	103,855	3,855	3,945	(90)
Travel	3,355	3,355	1,785	1,570
Bonding	150	150	100	50
Advertisement	400	400	66	334
Office supplies	900	900	155	745
Educational material	1,500	1,500	177	1,323
Postage	200	200	579	(379)
Consulting fees	200	200	-	200
Total expenditures	<u>\$ 178,425</u>	<u>\$ 83,425</u>	<u>\$ 67,819</u>	<u>\$ 15,606</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, 2006

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). 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 and the Statement of Activities) 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, which rely to a significant extent on fees and charges for

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

support. However, the District does not have any fiduciary or business-type 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, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

The District reports the following major governmental funds:

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

The District's cash is held in a demand deposit account.

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, 2006.

2. Receivables and Payables

The District does not have any receivables as of June 30, 2006. Accounts payable consisted of \$1,172 owed for gross receipt tax and \$367 owed for employment taxes.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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 \$5,000 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. 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 earned 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 three components – invested in capital assets, which is the cost of capital assets, net of accumulated depreciation, restricted net assets which are liquid assets and have third-party (statutory, bond covenant or granting agency) limitations on their use 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 currently has no restricted net assets or reservations of fund balance at fiscal year-end.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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

	General Fund
Non-GAAP revenues (Exhibit 5)	\$ 63,473
Prior year receivables	(25)
Prior year deferred revenue	2,563
Current year receivables	-
GAAP revenues (Exhibit 4)	\$ 66,011
Non-GAAP expenditures (Exhibit 5)	\$ 67,820
Prior year payable	(1,839)
Current year payable	2,061
GAAP expenditures (Exhibit 4)	\$ 68,041

III. Detailed Notes on all Funds

A. Cash and Investments

As of June 30, 2006, the District had a carrying amount of deposits of \$6,579. The bank balance for deposits was \$9,478. The difference between the carrying amount and the bank balance of deposits is due to outstanding checks of \$2,899. The total bank balance of \$9,478 consisted of the following:

<u>New Mexico Bank and Trust</u>	
Demand deposits	\$ 9,478
Less: FDIC coverage	(9,478)
Uninsured bank balance	\$ -0-

Custodial Credit Risk – Deposits. Custodial Credit Risk is the risk that in the event of bank failure certain cash balances which are uninsured could be lost. The District does not have a deposit policy for custodial credit risk. None of the District's deposits are subject to custodial credit risk since all of the District's deposits were covered by FDIC insurance.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

As of June 30, 2006, the District had an investment of \$4,379 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 Treasurer's Office for the fiscal year ended June 30, 2006.

Interest Rate Risk – The District does not have a deposit policy for interest rate risk. The District informally manages its exposure to declines in fair values by limiting its investment portfolio to securities with a relative short weighted average maturity. The weighted average maturity of the LGIP was 44 days as of June 30, 2006.

Credit Risk – State law limits the District's investments to bonds or negotiable securities of the United States, the State of New Mexico, or a county, municipality or school district that meet certain criteria. The District has no investment policy that would further limit its investment choices. The LGIP was rated AAAM by Standard & Poor's.

B. Receivables

The District did not have any receivables as of June 30, 2006.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

C. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Description	Balance		Balance	
	06/30/05	Additions	Deletions	06/30/06
Governmental activities:				
Farm equipment	\$ 2,500	\$ -	\$ -	\$ 2,500
Computer equipment	2,115	-	-	2,115
Totals at historical cost	4,615	-	-	4,615
Less: Accumulated Depreciation				
Farm equipment	(2,500)	-	-	(2,500)
Computer equipment	(765)	(352)	-	(1,117)
Total Accumulated Depreciation	(3,265)	(352)	-	(3,617)
Net Capital Assets	\$ 1,350	\$ (352)	\$ -	\$ 998

D. Long-Term Debt

Changes in Long-term Liabilities

Long-term debt activity for the year ended June 30, 2006 was as follows:

	Balance 6/30/05	Increases	Decreases	Balance 6/30/06	Amount due within 1 year
Compensated absences	\$ 970	\$ 1,891	\$ 1,667	\$ 1,194	\$ 1,194
Totals	\$ 970	\$ 1,891	\$ 1,667	\$ 1,194	\$ 1,194

IV. Other Information

A. Employee Benefits

The District did not offer its employee post-employment benefits as of June 30, 2006.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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.



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

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

Ms. Tish McDaniel, 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, 2006 and have issued our report dated April 20, 2007. 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 reportable 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 weakness.

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 that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 06-01.

This report is intended solely for the information and use of management, the New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration, 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

April 20, 2007

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2006

STATUS OF PRIOR YEAR AUDIT FINDINGS

Finding 05-01. Noncompliance with the New Mexico State Per Diem and Mileage Act Requirements – Resolved and not repeated.

CURRENT YEAR AUDIT FINDINGS

06-01. Improper Approval and Missing Signatures on Checks

Condition

During the fiscal year ended 6-30-2006, checks issued by the District did not possess two signatures as required. Also, 8 of the 38 checks were issued to the check preparer and only possessed the check preparer's signature.

Criteria

The New Mexico Association of Conservation Districts NMACD Elected Official's Guide for Soil and Water Conservation District Supervisors part IV District Operations; subpart A District responsibilities; section 10 states; "Managing all funds, facilities, and equipment belonging to the district: require two signatures on all checks disbursing district funds."

Effect

The District's lack of compliance with policies and procedures puts its funds at risk of misappropriation.

Cause

It appears that the District was not aware of the policies and procedures.

Recommendation

We recommend the District comply with all the relevant policies and procedures of NMACD Elected Official's Guide for Soil and Water Conservation District Supervisors by requiring all checks contain two signatures.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2006

Management's Response

The District concurs with the State Auditor's Office finding and will comply.

STATE OF NEW MEXICO
CENTRAL CURRY SOIL AND WATER CONSERVATION DISTRICT

EXIT CONFERENCE
JUNE 30, 2006

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 April 20, 2007, an exit conference was held at the District Office with Ms. Tish McDaniel, Chairperson 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. The results of the audit and the contents of this report were discussed.

