

State of New Mexico
OFFICE OF THE STATE AUDITOR

STATE OF NEW MEXICO

COLFAX

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

8011

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

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JUNE 30, 2005

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STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2005

<u>Board of Supervisors</u>	<u>Position</u>
Gerald K. Seward	Chairperson
Alice Moore	Secretary/Treasurer
Gary Shaw	Supervisor
Mary Lou Kern	Supervisor
Gretchen Sammis	Supervisor
Rob Seward	Supervisor
Tommy Lloyd	Supervisor
<u>District Personnel</u>	<u>Title</u>
Carol Campbell	Administrative Assistant



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

Gerald K Seward, Chairperson
and Members of the Board of Supervisors
Colfax Soil and Water Conservation District
245 Park Ave. Rm 206
Raton, New Mexico 87740

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparison of the Colfax 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 the 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

2113 Warner Circle, Santa Fe, New Mexico 87505-5499
(505) 476-3800 (800) 432-5517 Fax (505) 827-3512
<http://www.saonm.org>

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 March 30, 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
March 30, 2006

STATE OF NEW MEXICO
COLFAX SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2005

Exhibit 1

	Governmental Activities
Assets	
Cash	\$ 70,435
Interest receivable	225
Capital Assets, net of accumulated depreciation	-
Total assets	<u>70,660</u>
Liabilities	
Accounts payable	<u>3,232</u>
Total liabilities	<u>3,232</u>
Net Assets	
Unrestricted	<u>67,428</u>
Total net assets	<u><u>\$ 67,428</u></u>

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

STATE OF NEW MEXICO
COLFAX SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Exhibit 2

	Governmental Activities
Program Expenses:	
Conservation:	
Advertising	\$ 304
Dues	2,300
Information and education	85
Insurance	182
Project costs - tree sales	620
Newsletter	74
Office expenses	438
Salaries/supervisor stipends	6,396
Payroll taxes	1,031
Travel and per diem	494
Project costs - water plan	1,870
Tours and workshops	150
Total program expenses	13,944
Program Revenues:	
Charges for services - newsletter advertisements	425
Total program revenues	425
Net program (expense) revenue	(13,519)
General Revenues:	
State allocation	9,775
Interest	1,258
Miscellaneous income	41
Total general revenues	11,074
Change in net assets	(2,445)
Net assets at beginning of year	69,873
Net assets at end of year	\$ 67,428

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

STATE OF NEW MEXICO
COLFAX SOIL & WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005

Exhibit 3

	General Fund
Assets	
Cash	\$ 70,435
Interest receivable	225
Total assets	<u>\$ 70,660</u>
Liabilities and fund balance	
Accounts Payable	\$ 3,232
Total liabilities	3,232
Fund balance:	
Unreserved, undesignated	67,428
Total fund balance	<u>67,428</u>
Total liabilities and fund balance	<u>\$ 70,660</u>

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

STATE OF NEW MEXICO
 COLFAX SOIL & 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	
State allotment	\$ 9,775
Interest	1,258
Newsletter advertisements	425
Miscellaneous income	41
	<u>11,499</u>
Total revenues	
Expenditures	
Conservation:	
Current:	
Advertising	304
Dues	2,300
Information and education	85
Insurance	182
Project costs - tree sales	620
Newsletter	74
Office expenses	438
Salaries/supervisor stipends	6,396
Payroll taxes	1,031
Travel and Per Diem	494
Project costs - water plan	1,870
Tours and workshops	150
	<u>13,944</u>
Total expenditures	
Net change in fund balance	(2,445)
Fund balance, beginning of year	<u>69,873</u>
Fund balance, end of year	<u>\$ 67,428</u>

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

STATE OF NEW MEXICO
COLFAX SOIL & 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)	\$ (2,445)
Depreciation expense	<u>-</u>
Change in net assets - Statement of Activities (Exhibit 2)	<u><u>\$ (2,445)</u></u>

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

STATE OF NEW MEXICO
 COLFAX SOIL & 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				
Grants	\$ 11,000	\$ 11,000	\$ 30	\$ (10,970)
NMDA allocation	10,000	10,000	9,775	(225)
Tree Sales	810	810	-	(810)
Interest	1,100	1,100	1,189	89
Newsletter advertisements	700	700	550	(150)
Miscellaneous income	50	50	11	(39)
Total Revenues	<u>\$ 23,660</u>	<u>\$ 23,660</u>	<u>\$ 11,555</u>	<u>\$ (12,105)</u>
Expenditures				
Current:				
Advertising	\$ 500	\$ 500	\$ 404	\$ 404
Awards	200	200	31	31
Dues	2,300	2,300	2,300	1,800
Election	-	-	-	(200)
Information and education	700	700	85	(2,215)
Insurance	182	182	182	182
Project costs - tree sales	525	525	620	(80)
Newsletter	700	700	252	70
Office expenses	400	576	576	51
Salaries/supervisor stipends	6,126	6,411	5,930	5,230
Payroll taxes	854	859	852	276
Travel and per diem	600	600	333	(6,078)
Miscellaneous	99	99	-	(859)
Project costs - water plan	9,174	8,708	1,870	1,270
Philmont EWP Project	-	-	-	(99)
Equipment	300	300	-	(8,708)
Tours and workshops	1,000	1,000	150	150
Total expenditures	<u>\$ 23,660</u>	<u>\$ 23,660</u>	<u>\$ 13,585</u>	<u>\$ (8,775)</u>

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

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Colfax 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 conformity 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) 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 support. However, the District does not have any business-type activities.

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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, supplies and 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. The District currently does not receive any property taxes or grants.

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.

Interest associated with the current fiscal period is 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 fund:

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.

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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 Cash Equivalents

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, and certificates of deposit. Investments for the government, if applicable, are reported at fair value.

2. Capital Assets

Capital assets, which includes equipment is reported in the governmental activities column in the government-wide financial statements. Capital assets, are defined by state law as 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 currently has no infrastructure that is required to be capitalized and reported 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.

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

Computer equipment	6 years
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STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

3. Accounts Payable

The District's accounts payable represent routine monthly bills for services rendered and products purchased which are paid in the following month.

4. Compensated Absences

As of June 30, 2005, the District's employee was not covered by a vacation or sick leave policy.

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.

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.

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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

	General Fund
Non-GAAP revenues (Exhibit 5)	\$ 11,555
Prior year receivables	(281)
Current year receivables	225
GAAP revenues (Exhibit 4)	<u>\$ 11,499</u>
Non-GAAP expenditures (Exhibit 5)	\$ 13,585
Prior year payable	(2,873)
Current year payable	3,232
GAAP expenditures (Exhibit 4)	<u>\$ 13,944</u>

III. Detailed Notes on all Funds

A. Cash

As of June 30, 2005, the District had a carrying amount of deposits of \$70,435. The bank balances for deposits was \$70,535. The difference between the carrying amount and the bank balance of deposits is due to outstanding checks of \$100. The total bank balance of \$70,435 consisted of the following:

<u>International Bank</u>	
Demand deposits	\$ 70,435
Less: FDIC coverage	(70,435)
Amount uninsured	<u>\$ - 0 -</u>

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

B. Capital Assets

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

Governmental Activities	6/30/04	Additions	Deletions	6/30/05
Assets being depreciated:				
Computer Equipment	\$ 1,419	\$ -	\$ -	\$ 1,419
Totals at historical cost	<u>1,419</u>	<u>-</u>	<u>-</u>	<u>1,419</u>
Less accumulated depreciation for:				
Computer Equipment	(1,419)	-	-	(1,419)
Total accumulated depreciation	<u>(1,419)</u>	<u>-</u>	<u>-</u>	<u>(1,419)</u>
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IV. Other Information

A. Employee Retirement Benefits

The District does not offer retirement benefits to its employees.

B. Post Employment Benefits

The District does not offer post-employment benefits to its employees.

C. 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 \$1,000,000 for each wrongful act and \$1,000,000 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 \$5,000 surety bond as well as commercial property coverage. The District has not sustained any losses during the last several years and is not a defendant in any lawsuit.



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*

Gerald K. Seward, Chairperson
and Members of the Board of Supervisors
Colfax Soil and Water Conservation District
245 Park Ave. Room 206
Raton, New Mexico 87740

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparison of the Colfax Soil and Water Conservation District (District) as of and for the year ended June 30, 2005 and have issued our report dated March 30, 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 over financial reporting 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 errors 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 30, 2006

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2005

STATUS OF PRIOR YEAR AUDIT FINDINGS

04-01. Payroll expenditures not always properly approved-Resolved.

CURRENT YEAR AUDIT FINDINGS

None.

STATE OF NEW MEXICO
COLFAX SOIL AND WATER CONSERVATION DISTRICT

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 March 30, 2006 an exit conference was held at the District Office with Carol Campbell, Administrative Assistant Katie Popejoy, Administrative Assistant and Gerald K Seward, Chairperson of the Colfax Water Conservation District. Representing the Office of the State Auditor was Blanca Trujillo, Senior Auditor.