

STATE OF NEW MEXICO

SAN FRANCISCO

SOIL AND WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2006

(With Independent Auditor's Report Thereon)

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

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JUNE 30, 2006

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STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2006

<u>Board of Supervisors</u>	<u>Position</u>
Bill N. Webb	Chairman
Howard Hutchinson	Vice-Chairperson
Grace Derrick	Secretary/Treasurer
Richard Weaver	Supervisor
Zoe Ann Jones	Supervisor
<u>District Personnel</u>	<u>Title</u>
Frankie Webb	Project Manager



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

INDEPENDENT AUDITOR'S REPORT

Mr. Bill Webb, Chair
and Members of the Board of Supervisors
San Francisco Soil and Water Conservation District
P.O. Box 119
Reserve, New Mexico 88039

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

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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 June 13, 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

OFFICE OF THE STATE AUDITOR
June 13, 2007

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

	Governmental Activities
Assets	
Cash	\$ 7,541
Capital assets, net	<u>2,156</u>
Total assets	<u>9,697</u>
Liabilities	
Accounts payable	<u>776</u>
Total liabilities	<u>776</u>
Net Assets	
Invested in capital assets	2,156
Unrestricted	<u>6,765</u>
Total net assets	<u><u>\$ 8,921</u></u>

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

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Exhibit 2

	Governmental Activities
Program Expenses:	
Conservation:	\$ 121
Advertising	2,230
Personnel	100
Bonding	110
Conservation Education	860
Dues	700
Workshop and meetings	362
Office Expenses	2,106
Travel	67
Postage	8,686
Projects	1,030
Telephone	976
Depreciation	17,348
Total program expenses	17,348
Program Revenues:	
Operating grant - Catron County	2,000
Operating grant - Whitewater Restoration	1,534
Total program revenues	3,534
Net program (expense) revenue	(13,814)
General Revenues:	
NMDA allotment	9,943
Interest	70
Miscellaneous	38
Total general revenues	10,051
Change in net assets	(3,763)
Net assets at beginning of year	12,684
Net assets at end of year	\$ 8,921

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

STATE OF NEW MEXICO
 SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2006

	General Fund
Assets	
Cash	\$ 7,541
Accounts receivable	<u> </u>
Total assets	<u><u>\$ 7,541</u></u>
Liabilities and fund balance	
Liabilities:	
Accounts payable	<u>\$ 776</u>
Total liabilities	<u>776</u>
Fund balance:	
Unreserved, designated for subsequent year's expenditures	<u>6,765</u>
Total fund balance	<u>6,765</u>
Total liabilities and fund balance	<u><u>\$ 7,541</u></u>

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

STATE OF NEW MEXICO
 SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>
Revenues	
State allocation	\$ 9,943
Operating grant:	-
Catron County	2,000
State Finance Authority-Whitewater Restoration	1,534
Interest	70
Miscellaneous	38
Total revenues	13,585
Expenditures	
Conservation:	
Advertising	121
Personnel	2,230
Bonding	100
Conservation Education	110
Dues	860
Workshop and meetings	700
Office Expenses	362
Travel	2,106
Postage	67
Projects	8,686
Telephone	1,030
Total expenditures	16,372
Net change in fund balance	(2,787)
Fund balance beginning of year	9,552
Fund balance end of year	\$ 6,765

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

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balance - Governmental Funds (Exhibit 4) \$ (2,787)

Amounts reported in the Statement of Activities are different because:

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:

Depreciation expense (976)

Change in net assets - Statement of Activities (Exhibit 2) \$ (3,763)

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

STATE OF NEW MEXICO
 SAN FRANCISCO 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				
State allocation	\$ 9,500	\$ 9,500	\$ 9,943	\$ 443
County grant	2,000	2,000	2,000	-
Interest	135	135	70	(65)
State Finance Authority-Whitewater grant	-	-	6,256	6,256
Miscellaneous income	-	-	38	38
Total revenues	<u>11,635</u>	<u>11,635</u>	<u>\$ 18,307</u>	<u>\$ 6,672</u>
Cash balance budgeted	6,875	6,875		
Total revenues and cash balance budgeted	<u>\$ 18,510</u>	<u>\$ 18,510</u>		
Expenditures				
Conservation:				
Advertising	\$ 175	\$ 175	\$ 121	\$ 54
Personnel	3,600	3,600	2,192	1,408
Bonding	100	100	100	-
Conservation Education	3,150	3,150	110	3,040
Awards	200	200	22	178
Dues	1,685	1,685	860	825
Miscellaneous Demonstration Projects	1,000	1,000	-	1,000
Workshop and meetings	1,050	1,050	700	350
Office Expenses	450	450	362	88
Capital Outlay - equipment	-	-	-	-
Travel	5,050	5,050	1,638	3,412
Postage	150	150	67	83
River Water Sampling	-	-	2,636	(2,636)
Whitewater Grant Disbursements	-	-	8,030	(8,030)
Salt Cedar Project	1,000	1,000	-	1,000
Soil Stewardship	300	300	-	300
Telephone	600	600	969	(369)
Total expenditures	<u>\$ 18,510</u>	<u>\$ 18,510</u>	<u>\$ 17,807</u>	<u>\$ 703</u>

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

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

I. Summary of Significant Accounting Policies

A. Reporting Entity

The San Francisco 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 reporting policies of the District conform to 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 non-fiduciary 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 fiduciary or business-type activities.

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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. 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.

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:

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
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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.

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 consists of demand deposits and a petty cash fund.

2. Capital Assets

Capital assets, which includes computer equipment and software, are 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 \$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. There is no infrastructure which is required to be capitalized under GASB statement 34.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful life of five years.

3. Liabilities

Per diem and travel amount of \$467.85, contract service amount of \$245.99 and telephone amount of \$61.33 were liabilities accrued as of June 30, 2006, but were paid off in the subsequent year.

4. Compensated Absences

The District employee does not receive vacation or sick leave benefits.

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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, unrestricted net assets, and restricted net assets- wherein the constraints are placed on net asset use either by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other government or imposed by law through constitutional provisions or enabling legislation. The District currently has no restricted net assets or reservations of fund balance.

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
SAN FRANCISCO 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)	\$ 18,307
Prior year receivables	(4,722)
GAAP revenues (Exhibit 4)	<u>\$ 13,585</u>
Non-GAAP expenditures (Exhibit 5)	\$ 17,807
Prior year accounts payable	(2,211)
Current year accounts payable	776
GAAP expenditures (Exhibit 4)	<u>\$ 16,372</u>

III. Detailed Notes on all Funds

A. Cash

As of June 30, 2006, the District had a carrying amount of deposits of \$7,541. The District also has a \$50 petty cash fund which is included in the carrying amount of deposits. The bank balances for deposits were \$13,541. The difference between the carrying amount and the bank balance of deposits is due to outstanding checks of \$6,050 and petty cash of \$50. The total bank balance consisted of the following:

<u>First State Bank</u>	
Demand deposits	\$ 13,541
Less: FDIC coverage	(13,541)
Amount uninsured	<u>\$ -0-</u>

Custodial Credit Risk - Deposits. Custodial Credit Risk is the risk that in 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. All of the District's demand deposits were covered entirely by FDIC insurance.

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

B. Capital Assets

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

	Balance 6/30/2005	Additions	Deletions	Balance 6/30/2006
Governmental Activities				
Equipment	\$ 6,365	\$ -	\$ -	\$ 6,365
Less: accumulated depreciation	<u>(3,233)</u>	<u>(976)</u>	<u>-</u>	<u>(4,209)</u>
Total capital assets, net	<u>\$ 3,132</u>	<u>\$ 976</u>	<u>\$ -</u>	<u>\$ 2,156</u>

Depreciation was allocated entirely to the conservation function.

IV. Other Information

A. Employee Retirement Benefits

The District has no employees and does not offer a pension plan, deferred compensation plan or post-employment benefits as of June 30, 2006 or during the year then ended.

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 \$15,000 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.

C. Contingent Liabilities

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Amounts received or receivable from grant agencies are subject to audit and adjustment 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.

D. Related Party Transactions

The spouse of the Board Chairman was appointed on November 11, 1998 to the position of Project Manager. Both were in these same positions as of June 30, 2006. The Project Manager was paid \$2,192 for contractual services during the fiscal year ended June 30, 2006. In addition, Webb Enterprises was reimbursed \$921.61 towards telephone and internet charges. Webb Enterprises is owned by Mr. and Mrs. Webb and it is located at their home. The operations of the District are conducted from there and therefore the District reimburses telephone and internet charges to them by making payment to Webb Enterprises.



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*

Mr. Bill Webb, Chair
and Members of the Board of Supervisors
San Francisco Soil and Water Conservation District
P. O. Box 119
Reserve, New Mexico 88039

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparison of the San Francisco Soil and Water Conservation District (District) as of and for the year ended June 30, 2006 and have issued our report dated June 13, 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to 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.

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* which are described in the accompanying schedule of findings and responses as items 06-1 and 06-2.

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, New Mexico Department of Finance and Administration, 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

June 13, 2007

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2006

STATUS OF PRIOR YEAR AUDIT FINDINGS

05-1. Supporting Documentation – Resolved.

CURRENT YEAR AUDIT FINDINGS

06-1. No Voucher or Receipt

Condition

As part of the District's audit, all expenditure transactions were tested. Out of 54 such transactions, we found that one expense check for \$20 had no supporting document available such as a receipt or voucher to verify the expenditure.

Criteria

As per section 6-5-8 NMSA 1978, "All claims for payment of public money shall be made upon a public voucher. All public vouchers shall be in the form and contain the information required by the division. All purchase vouchers for goods and services, other than personnel, shall be accompanied by supporting invoices and documentation required by the division. Vouchers for the reimbursement of public officers and employees shall have receipts attached for all money claimed, except that travel advance or reimbursement vouchers for claims of mileage and per diem at standard rates need not be accompanied by receipts. All vouchers shall be certified as true and correct by the officer or employee designated to approve payments of claims against state agencies and local public bodies, including public schools. The division may require that payroll, travel advance, reimbursement, refund or other vouchers be sworn to by the certifying officer or payee. Certification may be in writing or by electronic media."

Effect

Due to lack of supporting documentation, auditors were unable to determine whether the expenditure was valid and allowable. The District is not in compliance with the State Procurement Code and Regulations.

STATE OF NEW MEXICO
SAN FRANCISCO SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2006

Cause

The Board of Supervisors provided inadequate oversight when approving bills for payments.

Recommendation

We recommend that the Project manager and Board of Supervisors ensure that expenditures are supported by appropriate documentation.

District's Response

The Board will follow the Auditor's Recommendation.

06-2. Overpayment of Expenditures

Condition

Out of 54 expenditure items tested, one item pertaining to a mileage reimbursement was calculated using incorrect mileage rate of 37 cents per mile instead of 32 cents per mile. This resulted in an overpayment of \$25.65.

Criteria

New Mexico Department of Finance and Administration (DFA) establishes travel and per diem regulations under 10-8-1 through 10-8-8 of the *New Mexico Statutes Annotated 1978* (NMSA). Mileage reimbursement is limited to 32 cents per mile.

Effect

Future overpayments due to incorrect rate of per diem and mileage may result in a penalty of up to twice the amount of overpayment per Section 10-8-7 NMSA 1978.

Cause

The District was unaware of the applicable regulation and rate. The Board of Supervisors provided inadequate oversight when approving bills for payments.

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

Recommendation

We recommend that the Project manager and Board of Supervisors verify that the correct rate allowed is communicated and verified prior to reimbursement.

District's Response

The Board will follow the Auditor's Recommendations. Also, a check will be issued to San Francisco SWCD for the overpayment of \$25.65.

STATE OF NEW MEXICO
SAN FRANCISCO 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 June 13, 2007, an exit conference was held with Mr. Billy Webb, Chairman, and Ms. Frankie Webb, Project Manager, of the San Francisco Soil and Water Conservation District. Peter Pacheco, Auditor, represented the Office of the State Auditor.