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**STATE OF NEW MEXICO**

**WESTERN MORA**  
**SOIL AND WATER CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2008**

**(With Independent Auditor's Report Thereon)**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**

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JUNE 30, 2008**

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**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**

**OFFICIAL ROSTER  
JUNE 30, 2008**

**Board of Supervisors**

**Position**

John Abeyta

Chairman

Richard Olivas

Vice-Chairman

Ella Arellano

Secretary

Philip Cantu

Supervisor

Robert Ortega

Supervisor

**District Personnel**

**Title**

Dora Pino

District Clerk

## **FINANCIAL SECTION**

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## Independent Auditor's Report

John Abeyta, Chairman  
and Members of the Board of Supervisors  
Western Mora Soil and Water Conservation District  
P.O. Box 389  
Mora, New Mexico 87732  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the general fund, and the respective budgetary comparison of the Western Mora Soil and Water Conservation District (District) as of and for the years ended June 30, 2008 and 2007, 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 with 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 Western Mora Soil and Water Conservation District, as of June 30, 2008 and 2007 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2011, 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 and 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 on an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 6 and the budgetary comparison information on page 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Robert L. Mantz, CPA, P.C.

*Robert L. Mantz, CPA, P.C.*

Raton, New Mexico  
June 30, 2011

**STATE OF NEW MEXICO  
WESTERN MORA SOIL & WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

As management of the New Mexico Western Mora Soil & Water Conservation District, we offer readers of the Western Mora Soil & Water Conservation District's financial statements this narrative overview and analysis of the financial activities of the Western Mora Soil & Water Conservation District for the fiscal year ended June 30, 2008. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The District's total net assets increased by \$82,279 in 2008, which was similar to the \$89,375 increase in the prior year.

As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$104,091, which was a decrease of \$48,282 in comparison with the prior year.

The District's long-term liabilities are comprised of one note due to the New Mexico Finance Authority. See the notes to the financial statements for additional data.

**USING THIS ANNUAL REPORT**

**Management's Discussion and Analysis**

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the District.

## **Government-Wide Financial Statements**

The Government-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private sector businesses. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the District's net assets and how they have changed.

## **Fund Financial Statements.**

The Fund Financial Statements provide a more detailed look at the District's significant funds. The funds present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses and/or budgeting compliance associated, therewith.

## **Budgetary Comparisons**

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 24 of this report.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of New Assets:** Below is a summary of the District’s net assets for the fiscal years ending June 30, 2008 and 2007. There have not been any significant changes to assets, liabilities and net assets as compared to the prior year. See page 7 for a more detailed look at the Statement of Net Assets.

**WESTERN MORA SOIL & WATER CONSERVATION DISTRICT**

**Net Assets**

**Governmental Activities**

	<u>2008</u>	<u>2007</u>
Current Assets	104,559	158,043
Capital Assets	201,662	71,101
Total Assets	<u>306,221</u>	<u>229,144</u>
Long-term Liabilities Outstanding	-	2,316
Other Liabilities	5,094	7,980
Total Liabilities	<u>5,094</u>	<u>10,296</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	197,036	66,475
Restricted	-	-
Unrestricted	104,091	152,373
Total Net Assets	<u>301,127</u>	<u>218,848</u>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years 2008 and 2007. See page 8 for a more detailed look at the Statement of Activities.

**WESTERN MORA SOIL & WATER CONSERVATION DISTRICT**

**Changes in Net Assets**

**Governmental Activities**

	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues	125,783	124,192
General Revenues	39,131	50,970
Total Revenues	<u>164,914</u>	<u>175,162</u>
Expenses:		
District Operations	82,635	85,787
Change in Net Assets	82,279	89,375
Net Assets – Beginning	218,848	129,473
Net Assets - Ending	<u>301,127</u>	<u>218,848</u>

## **FUND FINANCIAL ANALYSIS**

**Governmental Funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As of year-end, the governmental fund (the General Fund) reported a fund balance of \$104,091.

The District's only fund is the General Fund. This fund realized a decrease in its fund balance from the prior year by the amount of \$48,282.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The major difference between the original budget and the final amended budget was that the original budget included an additional \$70,000 for Equipment Purchases. During the year, however, actual revenues were less than budgetary estimates and actual expenditures were less than budgetary estimates.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$201,662 (net of accumulated depreciation). This investment in capital assets consists of buildings, vehicles, and equipment.

Additional information on the District's capital assets can be found in Note 3C on page 22 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$4,626, including the current portion due within the next twelve months of \$4,626.

The District's total long-term debt did not change from last year, as no payments were made and no additional loans were obtained.

Additional information on the District's long-term debt can be found in Note 3D on page 23 this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The 2009 budget decreased from \$223,900 in 2008 to \$171,854 in 2009.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Western Mora Soil & Water Conservation District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Western Mora Soil & Water Conservation District, PO Box 389, Mora, New Mexico 87732.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND  
WATER CONSERVATION DISTRICT  
COMPARATIVE STATEMENT OF NET ASSETS  
June 30, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 104,184	\$ 156,670
Accounts Receivable	375	1,373
Total Current Assets	104,559	158,043
<b>Noncurrent Assets</b>		
Capital Assets	298,136	145,830
Less: Accumulated Depreciation	(96,474)	(74,729)
Net Capital Assets	201,662	71,101
 Total Assets	 306,221	 229,144
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	468	5,670
Note Payable - Current Portion	4,626	2,310
Total Current Liabilities	5,094	7,980
<b>Long-term Liabilities</b>		
Notes Payable	4,626	4,626
Less: Current Portion from Above	(4,626)	(2,310)
Total Long-term Liabilities	-	2,316
 Total Liabilities	 5,094	 10,296
 <b>NET ASSETS</b>		
Fund Balance, Unrestricted	104,091	152,373
Invested in Capital Assets, Net of Related Debt	197,036	66,475
Total Net Assets	301,127	218,848
 Total Liabilities and Net Assets	 \$ 306,221	 \$ 229,144

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2008 and 2007**

	2008	2007
<b>Program Expenses</b>		
Conservation:		
Advertising	\$ 268	\$ 312
Awards	33	52
Bond Fee	100	100
Conservation Projects	-	-
Contractual Services	14,390	14,807
Dues	1,825	75
Information and Education	1,957	1,855
Interest Expense		20
Meetings and Workshops		-
Mileage and Per Diem	3,480	1,665
Miscellaneous	1	-
Office Expense	4,525	3,203
Operation & Maintenance - Building	7,822	16,261
Operation & Maintenance - Equipment	4,596	1,764
Purchases - Equipment : Other	594	377
Supervisor Fees	5,400	4,575
WUI Expenditures	15,899	27,138
Depreciation	21,745	13,583
	<b>82,635</b>	<b>85,787</b>
Total Program Expenses		
<b>Program Revenues</b>		
WUI Grant Income	42,118	-
Re-Leaf Grant Income	-	-
Grant - New Mexico State University	59,400	100,600
Rental Income - Building	20,100	20,100
Rental Income - Equipment	3,165	3,467
Rental Income - Other	1,000	25
	<b>125,783</b>	<b>124,192</b>
Total Program Revenues		
<b>Changes in Net Assets</b>		
Net Program (Expense) Revenue	43,148	38,405
<b>General Revenues</b>		
Taxes/ Water Assessments	32,455	32,663
NMDA Allotment	6,588	18,270
Miscellaneous Income	88	37
	<b>39,131</b>	<b>50,970</b>
Total General Revenues		
<b>Change in Net Assets</b>	82,279	89,375
<b>Net Assets - Beginning of Year</b>	218,848	129,473
<b>Net Assets - End of Year</b>	\$ 301,127	\$ 218,848

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
 COMPARATIVE BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 June 30, 2008 and 2007

	General Fund 2008	General Fund 2007
<b>ASSETS</b>		
Cash	\$ 104,184	\$ 156,670
Accounts Receivable	375	1,373
Total Assets	\$ 104,559	\$ 158,043
 <b>LIABILITIES</b>		
Accounts Payable	468	5,670
Total Liabilities	468	5,670
 <b>FUND BALANCE</b>		
Unreserved, Designated for Subsequent Year's Expenditures	104,091	152,373
Unreserved, Undesignated	-	-
Total Fund Balance	104,091	152,373
Total Liabilities and Fund Balance	\$ 104,559	\$ 158,043

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**  
**COMPARATIVE RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF**  
**NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Amounts reported for governmental activities in the Comparative Statement of Net Assets are different from the way they are reported in the Balance Sheet - Governmental Funds as follows:		
Total Fund Balances for the Governmental Funds	<u>104,091</u>	<u>152,373</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land, land improvements, buildings and equipment	298,136	145,830
Accumulated depreciation	<u>(96,474)</u>	<u>(74,729)</u>
Total Net Capital Assets	<u>201,662</u>	<u>71,101</u>
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Note Payable	<u>(4,626)</u>	<u>(4,626)</u>
Net assets - Comparative Statement of Net Assets	<u><u>301,127</u></u>	<u><u>218,848</u></u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008 and 2007**

	General Fund 2008	General Fund 2007
<b>REVENUES</b>		
State Allotment	6,588	18,270
Property taxes	32,455	32,663
Rental Income - Building	20,100	20,100
Rental Income - Equipment	3,165	3,467
Rental Income - Other	1,000	25
Re-Leaf Grant Income	-	-
WUI Grant Income	42,118	-
Grant - New Mexico State University	59,400	100,600
Interest	13	37
Miscellaneous Income	75	-
Total Revenues	164,914	175,162
 <b>EXPENDITURES</b>		
Current:		
Advertising	268	312
Awards	33	52
Bond Fee	100	100
Conservation Projects	-	-
Contractual Services	14,390	14,807
Dues	1,825	75
Information & Education	1,957	1,855
Meetings & Workshop	-	-
Mileage & Per Diem	3,480	1,665
Miscellaneous	1	-
Office Expense	4,525	3,203
Operations & Maintenance - Building	7,822	16,261
Operations & Maintenance - Equipment	4,596	1,764
Supervisor Fees	5,400	4,575
WUI Expenditures	15,899	27,138
Capital Outlay:	152,900	25,877
Debt Service: Principal		2,301
Interest		20
Total Expenditures	213,196	100,005
 <b>Net Changes in Fund Balances</b>	 (48,282)	 75,157
<b>FUND BALANCE: Beginning of Year</b>	152,373	77,216
<b>FUND BALANCE: End of Year</b>	\$ 104,091	\$ 152,373

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO**  
**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**  
**COMPARATIVE RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008 & 2007**

	2008	2007
Net Change in Fund Balances - Governmental Funds	\$ (48,282)	\$ 75,157
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Loans are reported for governmental funds whereas they are treated as liabilities in governmental activities:</p>	-	-
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay	152,306	25,500
Depreciation expense	(21,745)	(13,583)
Excess of capital outlay over depreciation expense	130,561	11,917
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities.</p>		
Debt Service - principal payments	-	2,301
Change in Net Assets - Comparative Statement of Activities	\$ 82,279	\$ 89,375

The accompanying notes are an integral part of these financial statements.

WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
 BUDGETARY COMPARISON STATEMENT  
 (Non-GAAP Budgetary Basis)  
 GENERAL FUND  
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grant - NM State University	82,900	82,900	59,400	(23,500)
Mill Levy	32,528	30,000	32,528	2,528
Rental	25,190	22,000	25,190	3,190
State Allocation	6,588	7,000	6,588	(412)
WUI Program	82,000	82,000	42,118	(39,882)
Total Revenues and Sources	<u>229,206</u>	<u>223,900</u>	<u>165,824</u>	<u>(58,076)</u>
Budgeted Cash Balance	-	-		
Total Revenues and Cash	<u>229,206</u>	<u>223,900</u>		
<b>EXPENDITURES</b>				
Current:				
Administrative Fees	-	-	-	-
Advertising	1,000	1,000	268	732
Awards	1,000	1,000	33	967
Board Fees	5,750	5,000		5,000
Bonding	150	150	100	50
Building Operation & Maintenance	8,500	10,000	8,178	1,822
Contract Services	15,000	15,000	15,171	(171)
Conservation Projects	-	5,000		5,000
Capital Outlay	-	-	-	-
Dues:	1,825	950	1,825	(875)
Adelante RC&D	-	-	-	-
NMACD	-	-	-	-
NACD	-	-	-	-
Equipment Operation & Maintenance	4,800	2,000	4,706	(2,706)
Equipment Purchase	152,900	82,900	152,900	(70,000)
Information & Education	3,000	5,000	1,958	3,042
Miscellaneous	-	-	-	-
NM Finance Authority	4,000	4,000	-	4,000
Office Expense	5,000	5,000	4,677	323
Supervisor Fees	-	-	5,400	(5,400)
Travel	3,725	4,900	3,721	1,179
WUI Project Expense	82,000	82,000	19,462	62,538
Total Expenditures and Uses	<u>288,650</u>	<u>223,900</u>	<u>218,399</u>	<u>5,501</u>

The accompanying notes are an integral part of this statement.

**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
COMPARATIVE BUDGETARY COMPARISON STATEMENT  
BUDGET-TO-GAAP RECONCILIATION  
GENERAL FUND  
For The Year Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	165,824	176,556
Revenues received during the current year that were measurable and available at the end of the prior year.	(1,373)	(2,803)
Revenues to be received during the following year that were measurable and available at the end of this year.	375	1,373
Interest earned in the current year and was reinvested.	13	37
Miscellaneous Income	75	-
Adjustment for Rounding	<u>-</u>	<u>(1)</u>
Total revenues and other financing sources as reported in the statement of revenues expenditures and changes in fund balance-governmental.	<u><u>164,914</u></u>	<u><u>175,162</u></u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	218,399	94,410
Expenditures incurred in the prior year but paid during the current year.	(5,670)	(75)
Expenditures incurred in the current year but paid during the following year.	468	5,670
Adjustment for Rounding.	(1)	
Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds.	<u><u>213,196</u></u>	<u><u>100,005</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

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STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Western Mora 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 District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on the size of the government.

In June, 2001, the GASB unanimously approved Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statements 34 and should be implemented simultaneously with Statement 34. Statement 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District implemented the provisions of GASB Statement No. 34, 37 and 38 effective July 1, 2003. As part of this Statement, there is a new reporting requirement regarding the government's infrastructure (roads, bridges, etc.).

The District implemented the statutory change in the capitalization threshold from \$1,000 to \$5,000, effective June 17, 2005. However, inventory items acquired prior to July 1, 2005, that do not meet the new capitalization threshold, remain on the inventory list and continue to be depreciated. See Note G.3.

The financial reporting policies of the District conform to generally accepted accounting principles 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 Statement of Activities) 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.

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 such as building and equipment rentals and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**NOTE 1. FINANCIAL STATEMENT AMOUNTS (Continued)**

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, the debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

Property taxes, 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:

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 inter-fund 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**

For the purpose of the Statement of Net Assets, "cash" includes all petty cash, demand accounts, savings accounts and certificates of deposit of the District. The District's cash are considered to be demand deposits.



**STATE OF NEW MEXICO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**NOTE 1. FINANCIAL STATEMENT AMOUNTS (Continued)**

**2. Receivables and Payables**

Assessments receivable consists of revenue earned from assessments for water rights. The District has the option of collecting delinquent assessments by filing a lien against properties with delinquent accounts or filing a civil action against the delinquent property owners. Management has determined that assessments are fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Property taxes attach an enforceable lien as of January 1. Taxes are payable in equal semi-annual installments on November 10 and April 10 of the subsequent year. The taxes become delinquent thirty days after the due date. The taxes are collected by the Mora County Treasurer and are remitted to the District in the month following collection.

Accounts payable in the general fund represent routine monthly bills for services rendered and products purchased which are paid in the following month.

**3. Capital Assets**

Capital assets, which include land and building, equipment (including software), and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. For capital assets acquired after June 17, 2005, the District increased the capitalization threshold from \$1,000 to \$5,000. Contributed assets are reported at fair market value as of the date received. Additions, improvements, computer software and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not add to the value or extend the life of the asset are not capitalized, they are expensed as incurred. Depreciation on all assets is provided on the straight-line basis with no salvage value. Currently, the District owns no infrastructure required to be capitalized and depreciated under GASB Statement No. 34. GASB Statement No. 34 requires the District to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc.

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

Buildings	39 years
Shed	10 years
Vehicles	5 years
Farm Equipment	7 years
Computer Equipment	5 years
Computer Software	5 years

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JUNE 30, 2008 and 2007

**NOTE 1. FINANCIAL STATEMENT AMOUNTS (Continued)**

**4. Net Assets and Fund Balance**

Net assets, as reported in the Comparative Statement of Net Assets, are associated with general government assets and liabilities in the government-wide financial statements. Net assets are restricted for amounts invested in capital assets (net of related debt).

Fund balance, as reported in the Comparative Balance Sheet – Governmental Funds, represents assets less liabilities of the governmental fund types. There were no reservations of fund balance at fiscal year-end.

**NOTE 2. STEWARDWHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a government unit, the District is subject to various laws and contractual regulations. An analysis of the District's compliance with significant laws and demonstration of its stewardship over District resources follows:

**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  
 WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008 and 2007

**NOTE 3. DETAILED NOTES ON ACCOUNTS AND TRANSACTION CLASSES**

**A. Cash**

As of June 30, 2008, the District had a carrying amount of deposits of \$104,184.

Cash deposits are reported at cost, which reasonably estimates fair value. At year-end, the carrying amounts of bank accounts and certificates of deposits were \$104,184, while the bank balances were \$107,465.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2008, the District's account at the Bank of Las Vegas was fully covered by FDIC insurance which was limited to \$250,000.

The following schedule presents cash on deposit with the Bank of Las Vegas and the Bank of Albuquerque and the collateral pledged by those institutions in accordance with Section 6-10-16, NMSA, 1978 Compilation:

	<u>Type</u>	<u>2008</u>	<u>2007</u>
The Bank of Las Vegas	Checking		
PO BOX 389, Mora, NM 87732			
Financial statement balance		103,813	156,311
Reconciling items		3,280	460
Total Balance per bank		<u>107,093</u>	<u>156,771</u>
Less: Deposits covered by FDIC		<u>(250,000)</u>	<u>(100,000)</u>
Amount Uninsured		<u>-</u>	<u>56,771</u>
	<u>Type</u>	<u>2008</u>	<u>2007</u>
Bank of Albuquerque Trust Service	Money		
P.O. Box 1270, Tulsa, OK 74101-1270	Market		
Money Market Account		371	359
Less: Deposits covered by FDIC		<u>(371)</u>	<u>(359)</u>
Amount uninsured		<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**NOTE 3. DETAILED NOTES ON ACCOUNTS AND TRANSACTION CLASSES  
(Continued)**

**B. Accounts Receivable**

Accounts receivables consisted of the following and are considered to be fully collectible:

	<u>2008</u>	<u>2007</u>
Expense reimbursement due from NRCS	\$ -	\$ 925
Property Taxes – Mora County	<u>375</u>	<u>448</u>
	<u>\$ 375</u>	<u>\$ 1,373</u>

**C. CAPITAL ASSETS**

Capital Asset Activity for the year ended June 30, 2008 was as follows:

<u>Description</u>	Balance 6/30/07	Additions	Adjust. (Increase) Decrease	Balance 6/30/08
Land	\$ 8,943	\$ -	\$ -	\$ 8,943
Buildings	61,061	-	-	61,061
Vehicles	12,000	107,126	-	119,126
Equipment	<u>63,826</u>	<u>45,180</u>	-	<u>109,006</u>
Totals at Historical Cost	<u>\$145,830</u>	<u>\$152,306</u>	-	<u>\$298,136</u>
Less: Accumulated Depreciation:				
Buildings	(30,298)	(2,905)		\$(33,203)
Vehicles	(1,400)	(10,052)		(11,452)
Equipment	<u>(43,031)</u>	<u>(8,788)</u>	-	<u>(51,819)</u>
Total Accumulated Depreciation	<u>\$(74,729)</u>	<u>\$(21,745)</u>		<u>\$(96,474)</u>
Total Capital Assets, Net	<u>\$ 71,101</u>	<u>\$130,561</u>	<u>\$ -</u>	<u>\$201,662</u>

Note that there were no deletions of any fixed assets in the year ended June 30, 2008.

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 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2008 and 2007

**NOTE 3. DETAILED NOTES ON ACCOUNTS AND TRANSACTION CLASSES**  
 (Continued)

**D. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2008:

	Long-Term Debt Payable At June 30, 2007	New Obligations Incurred	Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2008	Due Within One Year
NMFA	\$ 4,626	\$ -0-	\$ -0-	\$ 4,626	\$ 4,626
Total	\$ 4,626	\$ -0-	\$ -0-	\$ 4,626	\$ 4,626

The New Mexico Finance Authority approved an interest-free loan for renovations to the current building, to purchase a new fertilizer spreader and sprayer, and to build a storage building for the District. The District is delinquent on their 2007/2008 mortgage payments. The 2007/2008 debt and administration fees were not paid until November 12, 2008. At June 30, 2008, the following are the annual debt service requirements to maturity for this loan:

Payment Due Date	Principal	Administrative Fee	Total
11/1/2008	\$ -	\$ 6	\$ 6
5/1/2008	2,310	6	2,316
11/1/2008	-	3	3
5/1/2009	2,316	3	2,319
	<u>\$ 4,626</u>	<u>\$ 18</u>	<u>\$ 4,644</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**NOTE 4. OTHER NOTES**

**A. 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 \$1,000,000 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.

**B. Contingent Liabilities**

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.

**C. RETIREMENT AND BENEFIT PLANS**

The District does not currently offer to any employees any pension, deferred compensation plan, or health benefit plan.

**D. Pending Litigation**

There is no pending litigation.

## **OTHER REPORTS**

P.O. Box 634  
Raton, New Mexico 87740-0634  
(575) 445-3619 (575) 445-3610 Fax

Member: AICPA  
American Institute of CPA'S  
Colorado Society of CPA'S  
New Mexico Society of CPA'S

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. John Abeyta, Chairman  
and Members of the Board of Supervisors  
Western Mora Soil and Water Conservation District  
P.O. Box 389  
Mora, New Mexico 87732

We have audited the accompanying financial statements of the governmental activities, the general fund and the respective budgetary comparisons of the Western Mora Soil and Water Conservation District (District) as of and for the year ended June 30, 2008 and have issued our report dated **June 30, 2011**. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than a inconsequential will not be prevented or detected by the



District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting in items 04-01, 07-01, 07-02, 07-04, 08-01, 08-02, and 08-03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a 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 three 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 responses as items 06-02, 07-03, and 07-04.

This District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

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 New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

June 30, 2011

*Robert L. Mantz, CPA, P.C.*

Robert L. Mantz, CPA, P.C.

## **SCHEDULE OF FINDINGS AND RESPONSES**

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

- 04-01. Inaccurate Cash Reconciliations. – Modified and repeated.
- 06-02. Violation of the State Procurement Code – Modified and repeated.
- 07-01. Unrecorded Bank Account – Modified and repeated.
- 07-02. Paid Invoices were not Cancelled – Repeated.
- 07-03. Board Approval Not Obtained for a Purchase – Resolved.
- 07-04. Late Report – Modified and Repeated.
- 07-05. No Pledged Collateral on Excess Bank Deposits – Resolved.

**STATUS OF CURRENT YEAR AUDIT FINDINGS**

**Finding 04-01. Inaccurate Cash Reconciliations**

Condition

Reconciliation totals do not agree with the bank statements or with the District's general ledger.

Criteria

As the oversight agency, the Local Government Division Department of Finance and Administration (DFA) requires that the District maintain accurate accounting records and file accurate and timely reports to DFA pursuant to 6-6-3 NMSA 1978.

Effect

Errors and irregularities may not be detected in a timely manner.

Cause

The reconciliation between the bank balance and book balance was not done promptly.

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SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

Recommendation

If recording errors are noted, an adjusting journal entry should be recorded and documented as soon as the error is discovered, instead of deleting or correcting the original entry.

District's Response

The District Clerk will now include the balance in the minutes. All reports that are submitted to DFA are up to date with all the District's information. DFA has never cited the District for incorrect reports. If any errors are detected, they will be corrected at the time of the findings rather than going back to the actual date of the error. All corrected reports will be sent to DFA with an explanation of the error.

**Finding 06-02. Violation of the State Procurement Code**

Condition

During our audit, we reviewed all the bids for the audit year. The bid files seemed to lack a good organizational format. Some documents appeared to be missing in the files.

Criteria

Per Section 13-1-125.C NMSA 1978, Small Purchases, "Notwithstanding the requirements of Subsection A of the section, a state agency or a local public body may procure services, construction or items of tangible personal property having a value not exceeding ten thousand dollars (\$10,000) by issuing a direct purchase order to a contractor based upon the best obtainable price."

Cause

The District remains unfamiliar with specific requirements of the State Procurement Code and the State Purchasing regulations.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

Effect

The District is in non-compliance with Section 13-1-125.C NMSA 1978. The District may not be obtaining the best price for goods and services. The District is not keeping sufficient records regarding purchases.

Recommendation

The District needs to ensure that all the provisions of the State Procurement Code and Purchasing Regulations are complied with during the procurement of goods and services. For small purchases and prior to the issuance of a direct purchase order, the District should obtain and document at least three oral or written quotes to ensure that the best available price was obtained for the goods and services. This documentation should be attached to the payment voucher.

A file for each bid should be maintained. Each file should include a summary sheet containing a description of the item to be bid, bid specifications, detail of the advertisement requesting the bid, a list of the bids received, a list of board members present at the bid opening, the date the bid was awarded, and the name of the vendor that was awarded the bid.

District's Response

The District, along with the District Manager, will ensure all expenditures are authorized with all supporting documents attached to the vouchers.

A summary sheet will be included in the bid file that lists all the pertinent data mentioned above.

**Finding 07-01. Unrecorded Bank Account**

Condition

We noted that the District had an account at the New Mexico Financial Authority that was not included in the books of the District. The balance of the account as of June 30, 2008 was \$371.16.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

Criteria

In accordance with Generally Accepted Accounting Principles, all assets must be included in the financial records of the District.

Cause

The District was not aware of the account because it was created for them by the New Mexico Financial Authority.

Effect

The District's financial statements were not complete, and as a result, assets were understated by the \$371.16.

Recommendation

The District needs to ensure that all bank accounts and all financial information and activity of the District are included in their books.

District's Response

The District will ensure that all financial information is included in the financial statements in the future.

**Finding 07-02. Paid Invoices were not Cancelled**

Condition

During our disbursement test, we noted that the District had not cancelled or otherwise defaced the invoice provided by the vendors.

Criteria

All invoices should be marked "paid" at the time of payment for effective internal control procedures. In order to avoid possible duplicate payments, it is important to clearly mark each supporting document regarding a purchase as "paid". In accordance with generally accepted auditing standards, the District should maintain an internal control system that is reviewed periodically to ensure it is working.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

Cause

The District was unaware that every supporting document should be marked "Paid". The District prepares an Authorization Sheet to Pay and attaches all supporting documents to that sheet. The Authorization Sheet was marked "Paid". However, the actual vendor's invoice and supporting documents were left unmarked.

Effect

Vendor invoices could easily become detached and duplicate payments could happen. If duplicate payments occurred, expenses would be overstated, net income would be understated, and funds would be used unnecessarily.

Recommendation

The District needs to ensure that all paid invoices are cancelled and that each supporting document is defaced in some manner.

District's Response

The District, along with the District Manager, will ensure that all paid vendor invoices are cancelled in the future.

**07-04 LATE REPORT**

Condition

The 2007 and 2008 audited financial statements for the Western Mora Soil and Water Conservation District were submitted late to the New Mexico State Auditor's Office. The reports were received in the New Mexico State Auditor's office on July 13, 2011.

Criteria

In accordance with SAO Rule 2.2.9-A(1)(d), the audit for the District should have been completed by December 1, 2008.

Effect

The late report for the Western Mora Soil and Water Conservation District will not cause any monetary impact on the District.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2008 AND 2007

Cause

In the past, the New Mexico State Auditor's Office has conducted the audit for the District. The New Mexico State Auditor's Office decided that the District should seek an independent public accountant to conduct their audit. The contract for June 30, 2007, 2008, and 2009 fiscal years was awarded on September 23, 2009 to the firm of Robert L. Mantz, CPA, P.C.

Recommendation

In the future, the audit contract should be completed no later than June 30. The field work for the audit should be completed no later than October 31 to ensure the report can be completed by December 1.

District Response

The District was surprised by the announcement by the State Auditor's Office that they would have to seek their own auditor. They had become accustomed to the procedures of the State Auditor's Office. New auditing procedures by a new auditing firm slowed the completion of the audit. The District agrees that their audits should be current.

**Finding 08-01. Checks Recorded and Issued in Different Accounting Periods**

Condition

We noted checks that were issued and dated July 11, 2008 were recorded in the General Ledger of the District as of June 30, 2008. All checks must be recorded in the General Ledger as of the date they were written.

Criteria

Generally Accepted Accounting Principles require that checks be recorded in the accounting period in which they are written. The date on the check should be the same date the checks are recorded in the general ledger.



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WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

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Cause

The District was attempting to record the accounts payable in the applicable accounting period. The District clerk was unaware that checks need to be recorded in the accounting period in which they are written.

Effect

If checks that are dated July 2008 are included in June 2008 financial statements, the cash expenses for the 2008/2009 financial statements will be understated while the expenses for the 2007/2008 financial statements will be overstated. The 2008/2009 net cash income will be overstated while the 2007/2008 net cash income will be understated.

Recommendation

The District needs to ensure that checks are recorded in the books in the accounting period in which they are written.

District's Response

The District will ensure that checks are recorded in the accounting period in which they are written. This was a misunderstanding on the part of District manager.

**Finding 08-02. Missing Paid Invoice**

Condition

During our review of the disbursements, we noted that the District did not have a paid invoice to support a disbursement.

Criteria

This could weaken internal controls if done on a repetitive basis. All disbursements must have supporting documentation. In accordance with generally accepted auditing standards, the District should maintain an internal control system that is reviewed periodically to ensure it is working.

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JUNE 30, 2008 AND 2007

Cause

This appears to have been an oversight and was probably an isolated incident. The District normally maintains paid invoices for all purchases.

Effect

If disbursements lacked supporting documents on a regular basis, the District's internal control system would be questionable. With a weak internal control system, the quality of the financial statement would be in doubt.

Recommendation

The District needs to ensure that all purchases are supported by a vendor invoice. The appropriate time to do this is when checks are being signed.

District's Response

The District feels this was an oversight and an isolated incident. The District will ensure that all expenditures will be supported by good documentation in the future.

**Finding 08-03. Missing Signature on Travel Voucher**

Condition

During our review of disbursements, we noted that a travel voucher had not been signed by the traveler.

Criteria

District policies and procedures require all travelers to authenticate their travel reimbursement by signing their voucher. All requests for mileage reimbursement should be signed by the traveler. Policies and procedures that are not followed are indicative of a weakened internal control system.

Cause

This may have been an isolated incident and was just an oversight.

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Effect

If the policies and procedures of the District were not followed, it could weaken the internal controls of the District. With weak internal controls, the reliability of the financial statements could be diminished.

Recommendation

The District needs to ensure that all travel reimbursement requests are signed by the traveler and that all of the travel reimbursements are properly supported.

District's Response

The District feels this was an isolated incident and was a rare oversight. The District Manager will ensure that all travel reimbursement requests are signed by the traveler.

**FINANCIAL STATEMENT PREPARATION**

In accordance with *Government Auditing Standards*, drafting the financial statements is considered to be technical assistance that would not impair independence if certain requirements are met. Although, it would be preferable and desirable for the District to prepare its own GAAP-based financial statements, it is felt that the District's personnel have neither the time nor the expertise to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes that were included in the annual audit report. Since, the District's management assumed the responsibility for the content of the financial report, and since, the District has the necessary accounting expertise to prevent, detect and correct a potential material misstatement in the financial statements, assisting the District with their financial statement preparation would not result in the conclusion that the District has a control deficiency.

## **EXIT CONFERENCE**

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STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE  
June 30, 2008

**EXIT CONFERENCE**

On June 30, 2011, an exit conference was held at the District's office. Those present were Ella Arellano-Vice-Chairperson, Felix Archuleta-Board Member, Frances Martinez, and Robert L. Mantz, CPA-the auditor. The contents of this report were discussed. The meeting was not open to the public.

June 30, 2011

*Robert L. Mantz, CPA, P.C.*

Robert L. Mantz, CPA, P.C.