



CPA

ROBERT L. MANTZ, CPA, P.C.

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

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

**STATE OF NEW MEXICO**

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

**FINANCIAL STATEMENTS**  
**Fiscal Years Ended June 30, 2011 and 2010**

**(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, 2011**

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STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER  
JUNE 30, 2011

**Board of Supervisors**

**Position**

Andrew Jaramillo

Chairman

Ella Arellano

Vice-Chairman

Supervisors

John Abeyta

Supervisor

Juan Felix Archuleta

Supervisor

Gary Martinez

Supervisor

**District Personnel**

**Title**

District Clerk

## **FINANCIAL SECTION**

# ROBERT L. MANTZ, CPA, P.C.

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## Independent Auditor's Report

Andrew Jaramillo, 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, 2011 and 2010, 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, 2011 and 2010 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 July 2, 2013, 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 of 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  
July 2, 2013

**STATE OF NEW MEXICO  
WESTERN MORA SOIL & WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The District's total net assets decreased \$38,026 as compared to the \$35,030 decrease in the prior year.

As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$102,286, which was a decrease of \$13,443 in comparison with the prior year.

The District's long-term liabilities are comprised of one loan from the Bank of Las Vegas. 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 16 through 25 of this report.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets:** Below is a summary of the District's net assets for the fiscal years ending June 30, 2011 and 2010. 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**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
Current Assets	105,159	116,709
Capital Assets	135,990	167,901
Total Assets	<u>241,149</u>	<u>284,610</u>
Long-term Liabilities Outstanding	11,470	16,742
Other Liabilities	8,146	8,309
Total Liabilities	<u>19,616</u>	<u>25,051</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	102,286	143,830
Restricted	-	-
Unrestricted	119,247	115,729
Total Net Assets	<u>221,533</u>	<u>259,559</u>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years 2011 and 2010. See page 8 for a more detailed look at the Statement of Activities.

**WESTERN MORA SOIL & WATER CONSERVATION DISTRICT  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues	286,615	279,961
General Revenues	68,066	64,092
Total Revenues	<u>354,681</u>	<u>344,053</u>
Expenses:		
District Operations	392,707	379,083
Change in Net Assets	<u>(38,026)</u>	<u>(35,030)</u>
Net Assets – Beginning	<u>259,559</u>	<u>294,589</u>
Net Assets - Ending	<u>221,533</u>	<u>259,559</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 \$102,286.

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 \$13,443.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The major differences between the 2011 original budget and the final 2011 amended budget were there was significant decrease in revenues and expenditures for the Hazardous Fuels Project. There was, also, major increases in revenues and expenditures in the WUI Program. During the year, however, actual revenues were less than budgetary estimates and actual expenditures were less than budgetary estimates.

Another difference between the original budget and the final amended budget was that the final budget included an expenditure for the purchase of equipment. However, no equipment was purchased during the year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$135,990 (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 23 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$16,743, including the current portion due within the next twelve months of \$5,259.

The District's total long-term debt decreased by \$7,328 as compared to last year. This is the effect of the payments on principal that were made during the year.

Additional information on the District's long-term debt can be found in Note 3D on page 25 of this report.

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

The 2012 budgeted expenditures decreased from \$488,058 in 2011 to \$487,758 in 2012.

## **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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 102,721	\$ 113,151
Accounts Receivable	2,438	3,558
Total Current Assets	<u>105,159</u>	<u>116,709</u>
<b>Noncurrent Assets</b>		
Capital Assets	331,687	331,687
Less: Accumulated Depreciation	<u>(195,697)</u>	<u>(163,786)</u>
Net Capital Assets	<u>135,990</u>	<u>167,901</u>
<b>Total Assets</b>	<u><u>241,149</u></u>	<u><u>284,610</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	600	-
Payroll Liabilities	2,273	980
Note Payable - Current Portion	<u>5,273</u>	<u>7,329</u>
Total Current Liabilities	<u>8,146</u>	<u>8,309</u>
<b>Long-term Liabilities</b>		
Notes Payable	16,743	24,071
Less: Current Portion from Above	<u>(5,273)</u>	<u>(7,329)</u>
Total Long-term Liabilities	<u>11,470</u>	<u>16,742</u>
<b>Total Liabilities</b>	<u>19,616</u>	<u>25,051</u>
<b>NET ASSETS</b>		
Unrestricted	119,247	115,729
Invested in Capital Assets, Net of Related Debt	<u>102,286</u>	<u>143,830</u>
Total Net Assets	<u>221,533</u>	<u>259,559</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 241,149</u></u>	<u><u>\$ 284,610</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 ACTIVITIES**  
**For The Year Ended June 30, 2011 and 2010**

	2011	2010
<b>Program Expenses</b>		
Conservation:		
Advertising	\$ 792	\$ 148
Awards	-	-
Bond Fee	-	100
Conservation Projects	-	-
Contractual Services	1,200	-
Dues	75	1,825
Hazardous Contractual	239,797	239,367
Hazardous Operational	31,927	25,457
Information and Education	23	551
Insurance Expense	7,166	4,715
Interest Expense	987	1,340
Mileage and Per Diem	1,961	1,347
Miscellaneous	-	-
NM Finance Authority	-	-
Office Expense	2,889	3,362
Operation & Maintenance - Building	6,671	9,229
Operation & Maintenance - Equipment	25,464	8,039
Payroll Tax & Employee Benefits	9,078	5,424
Purchases - Equipment : Other	-	-
Supervisor Fees	5,000	3,675
Wages & Salaries	27,766	31,746
WUI Expenditures	-	8,885
Depreciation	31,911	33,873
	392,707	379,083
<b>Total Program Expenses</b>		
<b>Program Revenues</b>		
WUI Grant Income	-	8,885
Contract Services Income	12,048	14,369
Hazardous Fuels Project Income	242,370	230,126
Rental Income - Building	20,100	20,100
Rental Income - Equipment	12,097	6,481
Rental Income - Other	-	-
	286,615	279,961
<b>Total Program Revenues</b>		
<b>Changes in Net Assets</b>		
Net Program (Expense) Revenue	(106,092)	(99,122)
<b>General Revenues</b>		
Taxes/ Water Assessments	60,473	58,849
NMDA Allotment	5,278	5,243
Miscellaneous Income	2,315	-
	68,066	64,092
<b>Total General Revenues</b>		
<b>Change in Net Assets</b>	(38,026)	(35,030)
<b>Net Assets - Beginning of Year</b>	259,559	294,589
<b>Net Assets - End of Year</b>	\$ 221,533	259,559

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, 2011 and 2010**

	<u>General Fund 2011</u>	<u>General Fund 2010</u>
<b>ASSETS</b>		
Cash	\$ 102,721	\$ 113,151
Accounts Receivable	2,438	3,558
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 105,159</u>	<u>\$ 116,709</u>
 <b>LIABILITIES</b>		
Accounts Payable	600	-
Payroll Liabilities	2,273	980
	<u>          </u>	<u>          </u>
Total Liabilities	<u>2,873</u>	<u>980</u>
 <b>FUND BALANCE</b>		
Unassigned	<u>102,286</u>	<u>115,729</u>
Total Fund Balance	<u>102,286</u>	<u>115,729</u>
Total Liabilities and Fund Balance	<u>\$ 105,159</u>	<u>\$ 116,709</u>

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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Amounts reported for governmental activities in the Statement of Net Assets are different from the way reported in the Balance Sheet - Governmental Funds as follows:		
Total Fund Balances for the Governmental Funds	<u>\$ 102,286</u>	<u>\$ 115,729</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	331,687	331,687
Accumulated depreciation	<u>(195,697)</u>	<u>(163,786)</u>
Total Net Capital Assets	<u>135,990</u>	<u>167,901</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>(16,743)</u>	<u>(24,071)</u>
Net assets - Comparative Statement of Net Assets	<u><u>\$ 221,533</u></u>	<u><u>\$ 259,559</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, 2011 and 2010**

	General Fund 2011	General Fund 2010
<b>REVENUES</b>		
State Allotment	5,278	5,243
Property taxes	60,473	58,849
Rental Income - Building	20,100	20,100
Rental Income - Equipment	12,097	6,481
Rental Income - Other	-	-
Loan from Bank of Las Vegas	-	-
WUI Grant Income	-	8,885
Contract Services Income	12,048	14,369
Hazardous Fuels Income	242,370	230,126
Interest	-	-
Miscellaneous Income	2,316	-
Total Revenues	354,682	344,053
 <b>EXPENDITURES</b>		
Current:		
Advertising	792	148
Awards	-	-
Bond Fee	-	100
Contractual Services	1,200	-
Dues	75	1,825
Hazardous Fuels Project - Contractual	239,797	239,367
Hazardous Fuels Project - Operational	31,927	25,458
Information & Education	23	551
Insurance	7,166	4,715
Meetings & Workshop	-	-
Mileage & Per Diem	1,961	1,347
Miscellaneous	-	-
NM Finance Authority Fees	-	-
Office Expense	2,889	3,361
Operations & Maintenance - Building	6,671	9,229
Operations & Maintenance - Equipment	25,464	8,039
Payroll Taxes & Employee Benefits	9,078	5,424
Supervisor Fees	5,000	3,675
Wages & Salaries	27,766	31,746
WUI Expenditures	-	8,885
Capital Outlay:	-	-
Debt Service: Principal	7,329	5,210
Interest	987	1,340
Total Expenditures	368,125	350,420
 Net Changes in Fund Balances	 (13,443)	 (6,367)
FUND BALANCE: Beginning of Year	115,729	122,096
FUND BALANCE: End of Year	\$ 102,286	\$ 115,729

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, 2011 & 2010**

	2011	2010
Net Change in Fund Balances - Governmental Funds	\$ (13,443)	\$ (6,367)
Amounts reported for governmental activities in the statement of activities are different because:		
Loans are reported for governmental funds whereas they are treated as liabilities in governmental activities:	-	-
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:		
Capital outlay	-	-
Depreciation expense	(31,911)	(33,873)
Excess of capital outlay over depreciation expense	(31,911)	(33,873)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities.		
Debt Service - principal payments	7,329	5,210
Adjustment for Rounding	(1)	-
Change in Net Assets - Comparative Statement of Activities	\$ (38,026)	\$ (35,030)

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 Years Ended June 30, 2011 and 2010

	2011			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Capital Outlay	-	-	-	-
Mill Levy	50,000	58,000	61,593	3,593
Rental	24,000	29,000	32,197	3,197
State Allocation	6,000	6,000	5,278	(722)
WUI Program	-	123,290	-	(123,290)
Contract Services	23,000	23,000	12,048	(10,952)
Hazardous Fuels	511,050	234,850	242,370	7,520
Loan - Bank of Las Vegas	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Revenues and Sources	<u>614,050</u>	<u>474,140</u>	<u>353,486</u>	<u>(120,654)</u>
Budgeted Cash Balance	<u>76,616</u>	<u>102,247</u>		
Total Revenues and Cash	<u>690,666</u>	<u>576,387</u>		
<b>EXPENDITURES</b>				
Current:				
Administrative Fees	-	-	-	-
Advertising	500	500	197	303
Audit	9,000	9,000	-	9,000
Board Fees	6,000	6,000	5,000	1,000
Bonding	150	150	-	150
Building Operation & Maintenance	10,500	13,500	6,671	6,829
Contract Services	-	-	1,200	(1,200)
Conservation Projects	-	-	-	-
Capital Outlay	-	-	-	-
Dues:	950	950	75	875
Equipment Operation & Maintenance	17,000	26,500	25,459	1,041
Equipment Purchase	-	-	-	-
Hazardous Fuels Operational Expense	52,129	15,727	31,927	(16,200)
Hazardous Fuels Contract Expense	458,921	219,123	239,797	(20,674)
Information & Education	2,500	5,000	23	4,977
Insurance	5,000	7,300	7,166	134
Interest Expense	4,915	4,915	987	3,928
Loan - Bank of Las Vegas for Truck Purchase	20,000	13,103	5,013	8,090
Miscellaneous	-	-	-	-
Office Expense	5,000	5,000	2,889	2,111
Payroll	37,000	28,000	27,766	234
Payroll Tax Expense	10,000	7,000	7,785	(785)
Travel	4,000	3,000	1,961	1,039
WUI Project Expense	-	123,290	-	123,290
Total Expenditures and Uses	<u>643,565</u>	<u>488,058</u>	<u>363,916</u>	<u>124,142</u>

The accompanying notes are an integral part of this statement.

**WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT**  
**BUDGETARY COMPARISON STATEMENT**  
**(Non-GAAP Budgetary Basis)**  
**GENERAL FUND**  
**For the Years Ended June 30, 2011 and 2010**

	2010			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Budgetary	Final Budget
			Basis	Favorable
				(Unfavorable)
<b>REVENUES</b>				
Capital Outlay	-	-	-	-
Mill Levy	30,000	57,140	59,531	2,391
Rental	24,000	24,000	25,656	1,656
State Allocation	6,000	6,000	5,243	(757)
WUI Program	9,400	9,400	8,885	(515)
Contract Services	-	23,000	14,369	(8,631)
Hazardous Fuels	395,175	775,875	230,126	(545,749)
Loan - Bank of Las Vegas	-	-	-	-
Grant - NM State University	-	-	-	-
Total Revenues and Sources	<u>464,575</u>	<u>895,415</u>	<u>343,810</u>	<u>(551,605)</u>
Budgeted Cash Balance	<u>125,491</u>	<u>130,276</u>		
Total Revenues and Cash	<u>590,066</u>	<u>1,025,691</u>		
<b>EXPENDITURES</b>				
Current:				
Administrative Fees	-	-	-	-
Advertising	500	500	148	352
Audit	9,000	9,000	-	9,000
Board Fees	6,000	6,000	3,675	2,325
Bonding	150	150	100	50
Building Operation & Maintenance	15,000	10,500	9,304	1,196
Contract Services	-	-	-	-
Conservation Projects	-	-	-	-
Capital Outlay	31,399	-	-	-
Dues:	950	950	950	-
Adelante RC&D	-	-	-	-
NMACD	-	-	500	(500)
NACD	-	-	375	(375)
Equipment Operation & Maintenance	10,000	8,000	8,039	(39)
Equipment Purchase	-	18,500	-	18,500
Hazardous Fuels Operational Expense	39,517	77,587	25,458	52,129
Hazardous Fuels Contract Expense	355,685	698,288	239,367	458,921
Information & Education	7,000	2,500	551	1,949
Insurance	2,500	5,000	4,715	285
Interest Expense	-	-	1,340	(1,340)
Loan - Bank of Las Vegas for Truck Purchase	29,965	29,965	5,210	24,755
Miscellaneous	-	-	-	-
NM Finance Authority	-	-	-	-
Office Expense	8,000	5,000	3,361	1,639
Payroll	47,000	47,000	31,746	15,254
Payroll Tax Expense	10,000	10,000	4,444	5,556
Travel	8,000	4,000	1,347	2,653
WUI Project Expense	<u>9,400</u>	<u>9,400</u>	<u>8,885</u>	<u>515</u>
Total Expenditures and Uses	<u>590,066</u>	<u>942,340</u>	<u>349,515</u>	<u>592,825</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, 2011 and 2010**

	2011	2010
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	353,486	343,810
Revenues received during the current year that were measurable and available at the end of the prior year.	(3,558)	(3,315)
Revenues to be received during the following year that were measurable and available at the end of this year.	2,438	3,558
Interest earned in the current year and was reinvested.	-	-
Miscellaneous Income	2,316	-
Adjustment for Rounding	-	-
Total revenues and other financing sources as reported in the statement of revenues expenditures and changes in fund balance-governmental.	354,682	344,053
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	363,916	349,515
Expenditures incurred in the prior year but paid during the current year.	(980)	(75)
Expenditures incurred in the current year but paid during the following year.	2,873	980
Adjustment for Debt	2,316	-
Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds.	368,125	350,420

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, 2011 and 2010**

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**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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).

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

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, 2011 and 2010**

**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.



**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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. STEWARDSHIP, 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, 2011 and 2010**

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

**A. Cash**

As of June 30, 2011, the District had a carrying amount of deposits of \$102,721.

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 \$102,721, while the bank balances were \$1079,897.

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, 2011, 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 collateral pledged by that institution in accordance with Section 6-10-16, NMSA, 1978 Compilation:

	<u>Type</u>	<u>2011</u>	<u>2010</u>
The Bank of Las Vegas PO BOX 389, Mora, NM 87732	Checking		
Financial statement balance		102,721	113,151
Reconciling items		5,176	(4,082)
Total Balance per bank		<u>107,897</u>	<u>109,069</u>
Less: Deposits covered by FDIC Amount Uninsured		<u>(250,000)</u>	<u>(250,000)</u>
		<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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>2011</u>	<u>2010</u>
Expense reimbursement due from NRCS	\$ 1,850	\$ 1,850
Property Taxes – Mora County	588	1,708
	<u>\$ 2,438</u>	<u>\$ 3,558</u>

**C. CAPITAL ASSETS (2011)**

Capital Asset Activity for the year ended June 30, 2011 was as follows:

<u>Description</u>	<u>Balance</u> 6/30/10	<u>Additions</u>	<u>Adjust.</u> <u>(Increase)</u> <u>Decrease</u>	<u>Balance</u> 6/30/11
Land	\$ 8,943		-	\$ 8,943
Buildings	61,061	-	-	61,061
Vehicles	152,677	-	-	152,677
Equipment	109,006	-	-	109,006
Totals at Historical Cost	<u>331,687</u>	<u>-</u>	<u>-</u>	<u>331,687</u>
Less:				
Accumulated Depreciation:				
Buildings	(38,076)	(1,031)		(39,107)
Vehicles	(54,049)	(22,497)		(76,546)
Equipment	(71,661)	(8,383)	-	(80,044)
Total Accumulated Depreciation	<u>\$ (163,786)</u>	<u>\$(31,911)</u>	<u>-</u>	<u>\$ (195,697)</u>
Total Capital Assets, Net	<u>\$167,901</u>	<u>\$(31,911)</u>	<u>\$ -</u>	<u>\$135,990</u>

Note that there were no additions or deletions of any fixed assets in the year ended June 30, 2011.

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

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

**D. CAPITAL ASSETS (2010)**

Capital Asset Activity for the year ended June 30, 2010 was as follows:

<u>Description</u>	Balance 6/30/09	Additions	Adjust. (Increase) Decrease	Balance 6/30/10
Land	\$ 8,943	-	\$ -	\$ 8,943
Buildings	61,061	-	-	61,061
Vehicles	152,677	-	-	152,677
Equipment	109,006	-	-	109,006
<b>Totals at Historical Cost</b>	<b>331,687</b>	<b>-</b>	<b>-</b>	<b>331,687</b>
<b>Less: Accumulated Depreciation:</b>				
Buildings	(36,108)	(1,968)		(38,076)
Vehicles	(31,552)	(22,497)		(54,049)
Equipment	(62,253)	(9,408)	-	(71,661)
<b>Total Accumulated Depreciation</b>	<b>(129,913)</b>	<b>\$(33,873)</b>		<b>\$ (163,786)</b>
<b>Total Capital Assets, Net</b>	<b>\$201,774</b>	<b>\$(33,873)</b>	<b>\$ -</b>	<b>\$167,901</b>

Note that there were no additions or deletions of any fixed assets in the year ended June 30, 2010.

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**E. LONG-TERM LIABILITIES (2011)**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2011:

	Long-Term Debt Payable At June 30, 2010	New Obligations Incurred	Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2011	Due Within One Year
	\$ 24,071	\$ -	\$ -7,328-	\$ 16,743	\$ 5,259
Total	<u>\$ 24,071</u>	<u>\$ -</u>	<u>\$ -7,328-</u>	<u>\$ 16,743</u>	<u>\$ 5,259</u>

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 finalized the loan in 2011. As of June 30, 2011, the following are the annual debt service requirements to maturity for this loan:

Payment Due Date	Principal	Administrative Fee	Total
11/1/2008	\$ -	\$ -	\$ -
5/1/2008	-	-	-
11/1/2008	-	-	-
5/1/2009	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**E. LONG-TERM LIABILITIES (2011)(Continued)**

There is also currently an outstanding loan payable to the Bank of Las Vegas, used in the prior year to purchase a 2009 Dodge Ram. As of June 30, 2011, the annual requirement to amortize the principal of this outstanding debt is as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	5,259	741	6,000
2013	5,528	472	6,000
2014	5,316	684	6,000
2015	<u>640</u>	<u>149</u>	<u>789</u>
Total	<u>\$ 16,743</u>	<u>\$ 2,046</u>	<u>\$ 18,789</u>

**F. LONG-TERM LIABILITIES (2010)**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2010:

	Long-Term Debt Payable At June 30, 2009	New Obligations Incurred	Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2010	Due Within One Year
NMFA	\$ 29,281	\$ -	\$ 5,210	\$ 24,071	\$ 7,329
Total	<u>\$ 29,281</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 24,071</u>	<u>\$ 7,329</u>

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 2009/2010 mortgage payments. The 2009/2010 debt and administration fees were not paid as of June 30, 2010. As of June 30, 2010, the following are the annual debt service requirements to maturity for this loan:



**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**F. LONG-TERM LIABILITIES (2010)(Continued)**

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

The District also has an outstanding loan from the Bank of Las Vegas to purchase a 2009 Dodge Ram. As of June 30, 2010, the following are the annual debt service requirements for the next five years for this loan:

Payment <u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,003	\$ 997	\$ 6,000
2012	5,259	741	6,000
2013	5,528	472	6,000
2014	5,316	684	6,000
2015	<u>649</u>	<u>149</u>	<u>798</u>
	<u>\$ 21,755</u>	<u>\$ 3,043</u>	<u>\$ 24,798</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011 and 2010**

**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. PERA Pension Plan**

The District's full-time employee participated in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy:* Plan members are required to contribute 7% percent of their gross salary. The District was required to contribute 7.00%. The contribution requirements of plan members and the District are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the year ended June 30, 2011, were \$1,848. The District's contributions to PERA for the year ended June 30, 2010, were \$1,937.

**D. Pending Litigation**

There is no pending litigation.

## **OTHER REPORTS**



# ROBERT L. MANTZ, CPA, P.C.

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

Member:  
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. Andrew Jaramillo, 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, 2011 and 2010, and have issued our report dated July 2, 2013. 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

**Management of the District is responsible for establishing and maintaining effective internal control over financial reporting.** In planning and performing our audit of the financial statements of Western Mora Soil and Water Conservation District, as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control that we considered to be significant deficiencies.



CPA

## ROBERT L. MANTZ, CPA, P.C.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting in items 04-01, 07-02, 07-04, 08-02, 10-1, and 10-2.

### 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 one instance 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 item 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.

July 2, 2013

*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, 2011 AND 2010

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

- 04-01. Inaccurate Cash Reconciliations. – Modified and Repeated.
- 07-02. Paid Invoices were not Cancelled – Repeated.
- 07-04. Late Report – Modified and Repeated.
- 08-02. Missing Paid Invoices – Modified and Repeated.
- 10-01. Missing Deposits and Checks – Resolved.
- 10-02. Duplicate Checks and Deposits – Resolved.

**STATUS OF CURRENT YEAR AUDIT FINDINGS**

**Finding 04-01. Inaccurate Cash Reconciliations – Significant Deficiency**

**Condition**

Reconciliation totals do not agree with the bank statements or with the District's general ledger. Deposits and checks that have cleared the bank are still listed as outstanding in the bank reconciliation. The District shows \$9,325.90 in outstanding deposits as of June 30, 2011. The actual balance of deposits-in-transient is actually \$0.00. The District shows \$7,215.70 in outstanding checks as of June 30, 2011. The actual amount of outstanding checks is \$5,175.68. The general ledger is understated by \$1,490.42.

**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.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011 AND 2010

Cause

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

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 07-02. Paid Invoices were not Cancelled – Significant Deficiency**

Condition

During our disbursement test, we noted that the District had not cancelled or otherwise defaced the invoice provided by the vendors. The paid invoices for the whole month of June 2011 were reviewed and none of the paid invoices were cancelled or marked "PAID". The total amount of the invoices in June 2011 that were not cancelled or marked "Paid" was \$58,124.49.

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, 2011 AND 2010

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 – Significant Deficiency**

Condition

The 2010 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 May 1, 2012.

Criteria

In accordance with SAO Rule 2.2.9-A(1)(d), the 2010 audit for the District should have been completed by December 1, 2010.

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, 2011 AND 2010

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, 2010 fiscal years was awarded to the firm of Robert L. Mantz, CPA, P.C. on December 21, 2011.

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 and they are still trying to catch up. The District agrees that their audits should be current.

**Finding 08-02. Missing Paid Invoice – Significant Deficiency**

Condition

During our review of the disbursements, we noted that the District did not have paid invoices to support some disbursements. In 2010 two invoices were missing invoices that totaled \$6,019.00. In 2011 nine invoices were missing supporting invoices that totaled \$675.00.

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.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011 AND 2010

Cause

The District normally maintains paid invoices for all purchases. But it seems that through the year the District policy may not have been maintained at its highest level.

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 will ensure that all expenditures will be supported by good documentation in the future.

**Finding 10-01. July 2009 Deposits and Checks Were Missing in the General Ledger—  
Significant Deficiency**

Condition

We noted that in July 2009 five deposits and four checks were not included in the general ledger. The deposits totaled \$4,082.72, while the checks totaled \$1,029.30. However, the deposits and checks were included in the bank statements and cleared the bank. In reviewing these deposits and checks, they seemed to be appropriate revenues and expenditures for the District.

Criteria

Generally Accepted Accounting Principles require that all deposits and checks be included in the District's books in the appropriate periods. Auditing Standards require that procedures be in place so that missing data would be discovered in a reasonable time.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011 AND 2010

Cause

In the past few years, the District has had three different District Clerks. It is possible that when one clerk leaves, there could be some confusion on where the next clerk should start.

Effect

The District's books were incomplete. Several adjustments had to be made to the books to record the missing data. This seems to indicate that the monthly bank reconciliations did not reveal the errors. If the missing data was discovered during the reconciliations, they should have been corrected at that time.

Recommendation

The District needs to ensure that all deposits and all checks are recorded in the District's books. One report the Board of Directors should receive each month is a copy of the bank reconciliation. The reconciliation should then be reviewed and compared to the cash account in the general ledger.

District's Response

The District will consider the auditor's recommendation and will implement the procedure when possible.

**Finding 10-02. Duplicated Checks and Deposits – Significant Deficiency**

Condition

It was discovered that five checks were duplicated or posted incorrectly that totaled \$2,040.02. In one case, it was noted that an \$8,826.30 deposit was posted twice. Most of these duplications have never been corrected because they have never cleared the bank.

Criteria

Generally Accepted Accounting Principles requires that all deposits and checks be included in the District's books. Auditing standards requires that procedures should be in place to discover any errors in a reasonable time.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011 AND 2010

Cause

In the past few years, the District has had three different District Clerks. It seems that when a new clerk is employed, there is a learning curve when the new clerk must learn the accounting system. During that learning period, there seems to be a few errors that the clerk does not discover. This may be one of those periods of learning.

Effect

The District's books were incomplete and not completely accurate. Several adjustments had to be made to the books to correct the data. This seems to indicate that monthly bank reconciliations did not reveal the errors.

Recommendation

The District needs to ensure that all deposits and all checks are recorded accurately in the District's books. One report the Board of Directors should receive each month is a copy of the bank reconciliation. Other reports that might be beneficial to the Board of Directors are a deposit register and a check register. These reports would assist the Board in ensuring the accuracy of the bank reconciliation.

District's Response

The District will consider the auditor's recommendation and will implement the procedure, as early as possible.

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011 AND 2010

**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**



**ROBERT L. MANTZ, CPA, P.C.**

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

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

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE  
June 30, 2011**

**EXIT CONFERENCE**

On July 2, 2013, an exit conference was held at the District's office. Those present were Gary Martinez-Chairman of the Board, Megan McCawley-Rivera, and Robert L. Mantz, CPA-the Auditor. The contents of this report were discussed. The meeting was not open to the public.

July 2, 2013

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

Robert L. Mantz, CPA, P.C.