



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, 2012 and 2011

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

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

**TABLE OF CONTENTS
JUNE 30, 2012 and 2011**

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	ii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	2-6
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Comparative Statement of Net Assets	7
Comparative Statement of Activities	8
Fund Financial Statements:	
Comparative Balance Sheet-Governmental Funds	9
Comparative Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds	10
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Comparative Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds	12
Budgetary Comparison Statement (Non-GAAP Budgetary Basis) – General Fund	13-14
Comparative Budgetary Comparison Statement - Budget-to-GAAP Reconciliation – General Fund	15
Notes to the Basic Financial Statements	16-28
OTHER REPORTS	
Report On Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	29-30
SCHEDULE OF FINDINGS AND RESPONSES	31-34
EXIT CONFERENCE	35

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

**OFFICIAL ROSTER
JUNE 30, 2012**

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

Megan McCawley-Rivera

District Manager

FINANCIAL SECTION

ROBERT L. MANTZ, CPA, P.C.

CPA

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

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, 2012 and 2011, 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, 2012 and 2011 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 9, 2014, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Robert L. Mantz, CPA, P.C.

Robert L. Mantz, CPA, P.C.

Raton, New Mexico
June 9, 2014

**STATE OF NEW MEXICO
WESTERN MORA SOIL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

The District's total net assets increased \$53,449 as compared to the \$38,025 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 \$180,974, which was an increase of \$78,688 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, 2012 and 2011. 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>2012</u>	<u>2011</u>
Current Assets	184,380	105,159
Capital Assets	105,479	135,990
Total Assets	<u>289,859</u>	<u>241,149</u>
Long-term Liabilities Outstanding	5,924	11,470
Other Liabilities	8,952	8,145
Total Liabilities	<u>14,876</u>	<u>19,615</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	94,009	119,247
Restricted	-	-
Unrestricted	180,974	102,287
Total Net Assets	<u>274,983</u>	<u>221,534</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years 2012 and 2011. 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>2012</u>	<u>2011</u>
Revenues:		
Program Revenues	360,805	286,615
General Revenues	73,569	68,067
Total Revenues	<u>434,374</u>	<u>354,682</u>
Expenses:		
District Operations	380,925	392,707
Change in Net Assets	<u>53,449</u>	<u>(38,025)</u>
Net Assets – Beginning	<u>221,534</u>	<u>259,559</u>
Net Assets - Ending	<u>274,983</u>	<u>221,534</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 \$180,974.

The District's only fund is the General Fund. This fund realized an increase in its fund balance from the prior year by the amount of \$78,688.

GENERAL FUND BUDGETARY HIGHLIGHTS

The major differences between the 2012 original budget and the final 2012 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, 2012, amounts to \$105,479 (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 \$11,470, including the current portion due within the next twelve months of \$5,546.

The District's total long-term debt decreased by \$5,273 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 2013 budgeted expenditures decreased from \$487,758 in 2012 to \$256,262 in 2013.

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, 2012 and 2011**

	2012	2011
ASSETS		
Current Assets:		
Cash	\$ 179,104	\$ 102,721
Accounts Receivable	5,276	2,438
Total Current Assets	184,380	105,159
Noncurrent Assets		
Capital Assets	331,687	331,687
Less: Accumulated Depreciation	(226,208)	(195,697)
Net Capital Assets	105,479	135,990
Total Assets	289,859	241,149
 LIABILITIES		
Current Liabilities		
Accounts Payable	-	600
Payroll Liabilities Payable	1,906	2,272
Deferred Revenues Payable	1,500	-
Note Payable - Current Portion	5,546	5,273
Total Current Liabilities	8,952	8,145
Long-term Liabilities		
Notes Payable	11,470	16,743
Less: Current Portion from Above	(5,546)	(5,273)
Total Long-term Liabilities	5,924	11,470
Total Liabilities	14,876	19,615
 NET ASSETS		
Unrestricted	180,974	102,287
Invested in Capital Assets, Net of Related Debt	94,009	119,247
Total Net Assets	274,983	221,534
Total Liabilities and Net Assets	\$ 289,859	\$ 241,149

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 Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Program Expenses		
Conservation:		
Advertising	\$ 500	\$ 792
Audit Fees	8,280	-
Contractual Services	3,200	1,200
Dues	75	75
Hazardous Contractual	234,841	239,797
Hazardous Operational	-	31,927
Information and Education	1,894	23
Insurance Bond	384	-
Insurance Expense	5,361	7,166
Interest Expense	727	987
Mileage and Per Diem	272	1,961
Miscellaneous	-	-
Office Supplies	4,961	2,889
Operation & Maintenance - Building	5,058	6,671
Operation & Maintenance - Equipment	19,692	25,464
Payroll Tax & Employee Benefits	4,356	9,078
Purchases - Equipment : Other	-	-
Supervisor Fees	5,625	5,000
Wages & Salaries	32,308	27,766
WUI Expenditures	22,880	-
Depreciation	30,511	31,911
	<u>380,925</u>	<u>392,707</u>
Total Program Expenses		
	<u>380,925</u>	<u>392,707</u>
Program Revenues		
WUI Grant Income	16,128	-
Contract Services Income	-	12,048
Hazardous Fuels Project Income	303,455	242,370
Rental Income - Building	20,100	20,100
Rental Income - Equipment	21,122	12,097
Rental Income - Other	-	-
	<u>360,805</u>	<u>286,615</u>
Total Program Revenues		
	<u>360,805</u>	<u>286,615</u>
Changes in Net Assets		
Net Program (Expense) Revenue	<u>(20,120)</u>	<u>(106,092)</u>
General Revenues		
Taxes/ Water Assessments	64,534	60,473
NMDA Allotment	5,163	5,278
Miscellaneous Income	3,872	2,316
	<u>73,569</u>	<u>68,067</u>
Total General Revenues		
	<u>73,569</u>	<u>68,067</u>
Change in Net Assets	53,449	(38,025)
Net Assets - Beginning of Year	<u>221,534</u>	<u>259,559</u>
Net Assets - End of Year	<u>\$ 274,983</u>	<u>221,534</u>

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, 2012 and 2011**

	<u>General Fund 2012</u>	<u>General Fund 2011</u>
ASSETS		
Cash	\$ 179,104	\$ 102,721
Accounts Receivable	<u>5,276</u>	<u>2,438</u>
Total Assets	<u>\$ 184,380</u>	<u>\$ 105,159</u>
LIABILITIES		
Accounts Payable	-	600
Payroll Liabilities	1,906	2,273
Deferred Revenues Payable	<u>1,500</u>	<u>-</u>
Total Liabilities	<u>3,406</u>	<u>2,873</u>
FUND BALANCE		
Unassigned	<u>180,974</u>	<u>102,286</u>
Total Fund Balance	<u>180,974</u>	<u>102,286</u>
Total Liabilities and Fund Balance	<u>\$ 184,380</u>	<u>\$ 105,159</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, 2012 and 2011**

	2012	2011
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>\$ 180,974</u>	<u>\$ 102,286</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>(226,208)</u>	<u>(195,697)</u>
Total Net Capital Assets	<u>105,479</u>	<u>135,990</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>(11,470)</u>	<u>(16,743)</u>
Adjustment for Rounding	<u>-</u>	<u>1</u>
Net assets - Comparative Statement of Net Assets	<u><u>\$ 274,983</u></u>	<u><u>\$ 221,534</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 Years Ended June 30, 2012 and 2011

	<u>General Fund 2012</u>	<u>General Fund 2011</u>
REVENUES		
State Allotment	5,163	5,278
Property taxes	64,534	60,473
Rental Income - Building	20,100	20,100
Rental Income - Equipment	21,122	12,097
Rental Income - Other	-	-
Loan from Bank of Las Vegas	-	-
WUI Grant Income	16,128	-
Contract Services Income	-	12,048
Hazardous Fuels Income	303,455	242,370
Interest	-	-
Miscellaneous Income	3,872	2,316
Total Revenues	434,374	354,682
 EXPENDITURES		
Current:		
Advertising	500	792
Audit fees	8,280	-
Bond Insurance Fee	384	-
Contractual Services	3,200	1,200
Dues	75	75
Hazardous Fuels Project - Contractual	234,841	239,797
Hazardous Fuels Project - Operational	-	31,927
Information & Education	1,894	23
Insurance	5,361	7,166
Meetings & Workshop	-	-
Mileage & Per Diem	272	1,961
Miscellaneous	-	-
Office Supplies Expense	4,960	2,889
Operations & Maintenance - Building	5,058	6,671
Operations & Maintenance - Equipment	19,692	25,464
Payroll Taxes & Employee Benefits	4,356	9,078
Supervisor Fees	5,625	5,000
Wages & Salaries	32,308	27,766
WUI Expenditures	22,880	-
Capital Outlay:	-	-
Debt Service: Principal	5,273	7,329
Interest	727	987
Total Expenditures	355,686	368,125
 Net Changes in Fund Balances	 78,688	 (13,443)
 FUND BALANCE: Beginning of Year	 <u>102,286</u>	 <u>115,729</u>
 FUND BALANCE: End of Year	 <u>\$ 180,974</u>	 <u>\$ 102,286</u>

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 Years Ended June 30, 2012 & 2011

	2012	2011
Net Change in Fund Balances - Governmental Funds	\$ 78,688	\$ (13,443)
<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	-	-
Depreciation expense	(30,511)	(31,911)
Excess of capital outlay over depreciation expense	(30,511)	(31,911)
<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	5,273	7,329
Adjustment for Rounding	(1)	-
Change in Net Assets - Comparative Statement of Activities	\$ 53,449	\$ (38,025)

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, 2012 and 2011

	2012			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary Basis	Favorable (Unfavorable)
REVENUES				
Capital Outlay	-	-	-	-
Mill Levy	58,000	58,000	64,198	6,198
Rental	29,000	29,000	44,572	15,572
State Allocation	6,000	6,000	5,163	(837)
WUI Program	123,290	123,290	16,128	(107,162)
Contract Services	23,000	23,000	-	(23,000)
Hazardous Fuels	234,850	234,850	297,604	62,754
Miscellaneous Income	-	-	3,872	3,872
Grant - NM State University	-	-	-	-
Total Revenues and Sources	<u>474,140</u>	<u>474,140</u>	<u>431,537</u>	<u>(42,603)</u>
Budgeted Cash Balance	<u>102,247</u>	<u>102,247</u>		
Total Revenues and Cash	<u>576,387</u>	<u>576,387</u>		
EXPENDITURES				
Current:				
Acequias	-	2,000	-	-
Advertising	500	500	500	-
Audit	9,000	9,000	8,280	720
Board Fees	6,000	6,000	5,625	375
Bonding	150	400	384	16
Building Operation & Maintenance	13,500	9,500	5,058	4,442
Contract Services			3,200	(3,200)
Conservation Projects	-	-	-	-
Capital Outlay	-	-	-	-
Dues:	950	950	75	875
Equipment Operation & Maintenance	19,500	22,500	19,692	2,808
Equipment Purchase	-	-	-	-
Hazardous Fuels Operational Expense	15,727	17,514	-	17,514
Hazardous Fuels Contract Expense	219,123	217,336	236,006	(18,670)
Information & Education	5,000	4,000	1,894	2,106
Insurance	7,000	7,050	5,361	1,689
Interest Expense	18,018	18,018	6,000	12,018
Miscellaneous	-	-	48	(48)
Office Expense	5,000	5,000	4,912	88
Payroll	35,000	36,000	32,308	3,692
Payroll Tax Expense	7,000	7,000	2,658	4,342
Travel	3,000	2,000	272	1,728
WUI Phase II Personnel	9,863	9,863	3,510	6,353
WUI Phase II Contractual	110,961	110,961	19,370	91,591
WUI Phase II Operational	<u>2,466</u>	<u>2,466</u>	<u>-</u>	<u>2,466</u>
Total Expenditures and Uses	<u>487,758</u>	<u>488,058</u>	<u>355,153</u>	<u>130,905</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, 2012 and 2011

	2011			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
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	614,050	474,140	353,486	(120,654)
Budgeted Cash Balance	<u>76,616</u>	<u>102,247</u>		
Total Revenues and Cash	<u>690,666</u>	<u>576,387</u>		
EXPENDITURES				
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	(765)
Travel	4,000	3,000	1,961	1,039
WUI Project Expense	-	123,290	-	123,290
Total Expenditures and Uses	643,565	488,058	363,916	124,142

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 Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	431,537	353,486
Revenues received during the current year that were measurable and available at the end of the prior year.	(2,438)	(3,558)
Revenues to be received during the following year that were measurable and available at the end of this year.	5,276	2,438
Interest earned in the current year and was reinvested.	-	-
Miscellaneous Income	-	2,316
Adjustment for Rounding	<u>(1)</u>	<u>-</u>
Total revenues and other financing sources as reported in the statement of revenues expenditures and changes in fund balance-governmental.	<u><u>434,374</u></u>	<u><u>354,682</u></u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	355,153	363,916
Expenditures incurred in the prior year but paid during the current year.	(2,873)	(980)
Expenditures incurred in the current year but paid during the following year.	3,406	2,873
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.	<u><u>355,686</u></u>	<u><u>368,125</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, 2012 and 2011**

INDEX

- NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
- A. Reporting Entity
 - B. Government-wide Financial Statements
 - C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
 - D. Assets, Liabilities, Net Assets and Fund Balance
- NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**
- A. Budgetary Information
- NOTE 3. DETAIL NOTES ON ACCOUNTS AND TRANSACTION CLASSES**
- A. Cash
 - B. Account Receivable
 - C. Capital Assets
 - D. Long-Term Liabilities
- NOTE 4. OTHER NOTES**
- A. Risk Management
 - B. Contingent Liabilities
 - C. Retirement and Benefits Plans
 - D. Pending Litigation

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011**

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, 2012 and 2011**

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, 2012 and 2011**

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, 2012 and 2011**

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, 2012 and 2011**

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, 2012 and 2011**

NOTE 3. DETAILED NOTES ON ACCOUNTS AND TRANSACTION CLASSES

A. Cash

As of June 30, 2012, 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 \$179,104, while the bank balances were \$180,091.

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, 2012, 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>2012</u>	<u>2011</u>
The Bank of Las Vegas PO BOX 389, Mora, NM 87732	Checking		
Financial statement balance		179,104	102,721
Reconciling items		987	5,176
Total Balance per bank		<u>180,091</u>	<u>107,897</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, 2012 and 2011**

**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>2012</u>	<u>2011</u>
Expense reimbursement due from NRCS	\$ -	\$ 1,850
Property Taxes – Mora County	924	588
Rental Receivable	384	-
Deposits Receivable	3,968	-
	<u>\$ 5,276</u>	<u>\$ 2,438</u>

C. CAPITAL ASSETS (2012)

Capital Asset Activity for the year ended June 30, 2012 was as follows:

<u>Description</u>	<u>Balance</u> 6/30/11	<u>Additions</u>	<u>Adjust.</u> <u>(Increase)</u> <u>Decrease</u>	<u>Balance</u> 6/30/12
Land	\$ 8,943	-	-	\$ 8,943
Buildings	61,061	-	-	61,061
Vehicles	152,677	-	-	152,677
Equipment	109,006	-	-	109,006
Totals at Historical Cost	331,687	-	-	331,687
Less:				
Accumulated Depreciation:				
Buildings	(39,107)	(1,032)	-	(40,139)
Vehicles	(76,546)	(21,096)	-	(97,642)
Equipment	(80,044)	(8,383)	-	(88,427)
Total Accumulated Depreciation	<u>\$ (195,697)</u>	<u>\$(30,511)</u>	<u>-</u>	<u>\$ (226,208)</u>
Total Capital Assets, Net	<u>\$135,990</u>	<u>\$(30,511)</u>	<u>\$ -</u>	<u>\$105,479</u>

Note that there were no additions or deletions of any fixed assets in the year ended June 30, 2012.

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011**

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

D. CAPITAL ASSETS (2011)

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

<u>Description</u>	Balance 6/30/10	Additions	Adjust. (Increase) Decrease	Balance 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	331,687	-	-	331,687
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	(163,786)	\$(31,911)		\$ (195,697)
Total Capital Assets, Net	\$167,901	\$(31,911)	\$ -	\$135,990

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, 2012 and 2011**

E. LONG-TERM LIABILITIES (2012)

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2012:

	Long-Term Debt Payable At June 30, 2011	New Obligations Incurred	Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2012	Due Within One Year
	\$ 16,743	\$ -	\$ -5,273	\$ 11,470	\$ 5,546
Total	\$ 16,743	\$ -	\$ -5,273	\$ 11,470	\$ 5,546

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, 2012, 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, 2012 and 2011**

E. LONG-TERM LIABILITIES (2012)(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, 2012, 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>
2013	5,546	454	6,000
2014	5,834	166	6,000
2015	<u>90</u>	<u>-</u>	<u>90</u>
Total	<u>\$ 11,470</u>	<u>\$ 620</u>	<u>\$ 12,090</u>

F. LONG-TERM LIABILITIES (2011)

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

	<u>Long-Term Debt Payable At June 30, 2010</u>	<u>New Obligations Incurred</u>	<u>Payments Made on Long-Term Debt</u>	<u>Long-Term Debt Payable At June 30, 2011</u>	<u>Due Within One Year</u>
NMFA	\$ 24,072	\$ -	\$ 7,329	\$ 16,743	\$ 5,273
Total	<u>\$ 24,072</u>	<u>\$ -</u>	<u>\$ 7,329</u>	<u>\$ 16,743</u>	<u>\$ 5,273</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. As of June 30, 2011, 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, 2012 and 2011**

F. LONG-TERM LIABILITIES (2011)(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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District also has an outstanding loan from the Bank of Las Vegas to purchase a 2009 Dodge Ram. As of June 30, 2011, 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>
2012	5,273	727	6,000
2013	5,546	454	6,000
2014	5,834	166	6,000
2015	<u>90</u>	<u>-</u>	<u>90</u>
	<u>\$ 16,743</u>	<u>\$ 1,347</u>	<u>\$ 18,090</u>

G. Deferred Revenues Payable

The District received equipment rental deposits in advance of June 30, 2012 in the amount of \$1,500. The revenues were received before they were earned. The unearned revenues will be applied to the member's account in the following fiscal year when the member is allowed to use the equipment. Then, the District will recognize the equipment rental income at that time.

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011**

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.

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, 2012, were \$1,445. The District's contributions to PERA for the year ended June 30, 2011, were \$1,848.

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:
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, 2012 and 2011, and have issued our report dated **June 9, 2014**. 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, 2012, 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.



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 and 07-04.

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.

June 9, 2014

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, 2012 AND 2011

STATUS OF PRIOR YEAR AUDIT FINDINGS

- 04-01. Inaccurate Cash Reconciliations. – Modified and Repeated.
- 07-02. Paid Invoices were not Cancelled – Resolved.
- 07-04. Late Report – Modified and Repeated.
- 08-02. Missing Paid Invoices – Resolved.
- 10-01. July 2009 Deposits and Checks Were Missing in the General Ledger – Resolved.
- 10-02. Duplicated 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, 2012 AND 2011

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.

07-04 LATE REPORT – Significant Deficiency

Condition

The 2012 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 August 13, 2014.

Criteria

In accordance with SAO Rule 2.2.9-A(1)(d), the 2012 audit for the District should have been completed by December 1, 2012.

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, 2012 AND 2011

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, 2012 fiscal years was awarded to the firm of Robert L. Mantz, CPA, P.C. on June 26, 2014.

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

Several years ago, 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.

STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012 AND 2011

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.

CPA

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, 2012

EXIT CONFERENCE

On June 9, 2014, an exit conference was held at the District's office. Those present were Julian Olivas-Secretary/Treasurer, Andrew Jaramillo-Supervisor, Megan McCawley-Rivera-District Manager, and Robert L. Mantz, CPA-the Auditor. The contents of this report were discussed. The meeting was not open to the public.

June 9, 2014

Robert L. Mantz, CPA, P.C.

Robert L. Mantz, CPA, P.C.