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**STATE OF NEW MEXICO**

**WESTERN MORA  
SOIL AND WATER CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS**  
**Fiscal Years Ended June 30, 2014 and 2013**

**(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, 2014 and 2013

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STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER  
JUNE 30, 2014

**Board of Supervisors**

**Position**

David Maestas	Chairman
Juan Felix Archuleta	Vice-Chairman
Julian Olivaz	Secretary/Treasurer

**Supervisors**

Andrew Jaramillo	Supervisor
Gary Martinez	Supervisor

**District Personnel**

**Title**

Megan McCawley-Rivera	District Manager
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## **FINANCIAL SECTION**



CPA

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## INDEPENDENT AUDITOR'S REPORT

David Maestas, 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

### Report on Financial Statements

We have audited the accompanying comparative financial statements of the governmental activities, the general fund, and the budgetary comparisons for the general fund of **Western Mora Soil and Water Conservation District** (the District), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control and, accordingly, no such opinion is expressed. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of **Western Mora Soil and Water Conservation District** as of June 30, 2014 and 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 7 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 State 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the District's internal control over financial reporting and on 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 *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Robert L. Mantz, CPA, P.C.  
Raton, NM 87740  
December 1, 2014

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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, 2014. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The District's total net position decreased \$10,632 as compared to a \$10,713 increase in the prior year.

As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$215,608, which was an increase of \$6,977 in comparison with a \$27,657 increase in 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 17 through 29 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, 2014 and 2013. There have not been any significant changes to assets, liabilities and net assets as compared to the prior year. See page 8 for a more detailed look at the Statement of Net Assets.

### WESTERN MORA SOIL & WATER CONSERVATION DISTRICT

#### Net Position

#### Governmental Activities

	<u>2014</u>	<u>2013</u>
Current Assets	217,689	210,746
Capital Assets	59,545	82,512
Total Assets	<u>277,234</u>	<u>293,258</u>
Long-term Liabilities Outstanding	-	90
Other Liabilities	2,170	7,472
Total Liabilities	<u>2,170</u>	<u>7,562</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	59,456	77,065
Restricted	-	-
Unrestricted	215,608	208,631
Total Net Assets	<u>275,064</u>	<u>285,696</u>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years 2014 and 2013. See page 9 for a more detailed look at the Statement of Activities.

### WESTERN MORA SOIL & WATER CONSERVATION DISTRICT

#### Changes in Net Position

#### Governmental Activities

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues	274,533	143,558
General Revenues	83,946	79,658
Total Revenues	<u>358,479</u>	<u>223,216</u>
Expenses:		
District Operations	369,112	212,503
Change in Net Assets	<u>(10,633)</u>	<u>10,713</u>
Net Assets – Beginning	<u>285,697</u>	<u>274,983</u>
Net Assets - Ending	<u>275,064</u>	<u>285,696</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 \$215,608.

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 \$6,977.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The major difference between the 2014 original budget and the final 2014 amended budget was there was a significant increase in revenues and expenditures because of the receipt of an NFL Grant. During the year, however, actual revenues were less than budgetary estimates and actual expenditures were less than budgetary estimates.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$59,545 (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 25 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$ 90, including the current portion due within the next twelve months of \$ 90.

The District's total long-term debt decreased by \$5,357 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 3E on page 27 of this report.

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

The 2015 budgeted expenditures decreased from \$498,165 in 2014 to \$295,828 in 2015.

## **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 POSITION  
June 30, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 192,474	\$ 165,005
Accounts Receivable	3,441	3,108
Grants Receivable	19,125	42,517
Accrued Interest Receivable	-	116
Prepaid Insurance	2,649	-
Total Current Assets	217,689	210,746
<b>Noncurrent Assets</b>		
Capital Assets	331,687	331,687
Less: Accumulated Depreciation	(272,142)	(249,175)
Net Capital Assets	59,545	82,512
Total Assets	277,234	293,258
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	2,003	-
Payroll Liabilities Payable	77	2,115
Prepaid Rental Income Payable	-	-
Note Payable - Current Portion	90	5,357
Total Current Liabilities	2,170	7,472
<b>Long-term Liabilities</b>		
Notes Payable	90	5,447
Less: Current Portion from Above	(90)	(5,357)
Total Long-term Liabilities	-	90
Total Liabilities	2,170	7,562
<b>NET POSITION</b>		
Unrestricted	215,608	208,631
Net Investment in Capital Assets	59,456	77,065
Total Net Position	275,064	285,696
Total Liabilities and Net Position	\$ 277,234	\$ 293,258

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, 2014 and 2013**

	2014	2013
<b>Program Expenses</b>		
Conservation:		
Advertising	\$ 1,729	\$ 1,466
Audit Fees	3,076	2,806
Contractual Services	4,055	2,925
Dues	1,310	1,280
Hazardous Contractual	-	-
Hazardous Operational	-	-
Information and Education	2,632	4,584
Insurance Bond	384	384
Insurance Expense	3,210	6,465
Interest Expense	643	477
Mileage and Per Diem	2,719	2,886
Office Supplies	9,518	6,873
Operation & Maintenance - Building	7,612	5,909
Operation & Maintenance - Equipment	18,490	10,527
Payroll Tax & Employee Benefits	8,433	3,581
Supervisor Fees	7,350	6,075
Wages & Salaries	45,958	37,628
WUI Expenditures	76,930	40,126
NFL Program Expenses	151,596	55,544
Acequias	500	
Depreciation	22,967	22,967
	<u>369,112</u>	<u>212,503</u>
<b>Program Revenues</b>		
WUI Grant Income	65,258	58,297
NFL Grant Income	164,116	55,544
Hazardous Fuels Project Income	-	-
Rental Income - Building	19,500	18,900
Rental Income - Equipment	25,659	10,817
Rental Income - Other	-	-
	<u>274,533</u>	<u>143,558</u>
<b>Changes in Net Assets</b>		
Net Program (Expense) Revenue	<u>(94,579)</u>	<u>(68,945)</u>
<b>General Revenues</b>		
Taxes/ Water Assessments	69,729	64,793
NMDA Allotment	12,907	12,990
Miscellaneous Income	554	1,538
Interest Income	757	337
	<u>83,947</u>	<u>79,658</u>
<b>Changes in Net Position</b>	(10,632)	10,713
<b>Net Position - Beginning</b>	<u>285,696</u>	<u>274,983</u>
<b>Net Position - Ending</b>	<u>\$ 275,064</u>	<u>\$ 285,696</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, 2014 and 2013**

	General Fund 2014	General Fund 2013
<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
Cash	\$ 192,474	\$ 165,005
Accounts Receivable	3,441	3,108
Grants Receivable	19,125	42,517
Accrued Interest Receivable	-	116
Prepaid Insurance	2,649	-
	<u>217,689</u>	<u>210,746</u>
 Total Assets	 <u>217,689</u>	 <u>210,746</u>
 <b>LIABILITIES</b>		
Accounts Payable	2,003	-
Payroll Liabilities	77	2,115
	<u>2,080</u>	<u>2,115</u>
 Total Liabilities	 <u>2,080</u>	 <u>2,115</u>
 <b>FUND BALANCE</b>		
Unassigned	<u>215,609</u>	<u>208,631</u>
 Total Fund Balance	 <u>215,609</u>	 <u>208,631</u>
 Total Liabilities and Fund Balance	 <u>\$ 217,689</u>	 <u>\$ 210,746</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, 2014 and 2013**

	<u>2013</u>	<u>2013</u>
<p>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:</p>		
Total Fund Balances for the Governmental Funds	\$ 215,609	\$ 208,631
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land, land improvements, buildings and equipment	331,687	331,687
Accumulated depreciation	<u>(272,142)</u>	<u>(249,175)</u>
Total Net Capital Assets	<u>59,545</u>	<u>82,512</u>
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Note Payable	<u>(90)</u>	<u>(5,447)</u>
Adjustment for Rounding	<u>-</u>	<u>-</u>
Total Net Position - Comparative Statement	<u>\$ 275,064</u>	<u>\$ 285,696</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, 2014 and 2013**

	General Fund 2014	General Fund 2013
<b>REVENUES</b>		
Taxes - Property taxes	69,729	64,793
Intergovernmental Revenues - State Allotment	12,907	12,990
- WUI Grant Income	65,258	58,297
- NFL Grants Income	164,116	55,544
- Hazardous Fuels Income	-	-
Charges for Service - Rental Income - Building	19,500	18,900
- Rental Income - Equipment	25,659	10,817
- Rental Income - Other	-	-
Miscellaneous - Miscellaneous Income	553	1,538
- Interest Income	758	337
Total Revenues	358,480	223,216
 <b>EXPENDITURES</b>		
Current:		
Advertising	1,729	1,466
Audit fees	3,076	2,806
Bond Insurance Fee	384	384
Contractual Services	4,055	2,925
Dues	1,310	1,280
Hazardous Fuels Project - Contractual	-	-
Hazardous Fuels Project - Operational	-	-
Information & Education	2,632	4,584
Insurance	3,210	6,465
Mileage & Per Diem	2,719	2,886
Office Supplies Expense	9,518	6,873
Operations & Maintenance - Building	7,612	5,909
Operations & Maintenance - Equipment	18,490	10,527
Payroll Taxes & Employee Benefits	8,433	3,581
Supervisor Fees	7,350	6,075
Wages & Salaries	45,958	37,628
WUI Expenditures	76,930	40,126
NFL Expenditures	151,596	55,544
Acequias	500	-
Capital Outlay:	-	-
Debt Service: Principal	5,357	6,023
Interest	643	477
Total Expenditures	351,502	195,559
 <b>Net Changes in Fund Balances</b>	 6,978	 27,657
 <b>Beginning Fund Balance</b>	 208,631	 180,974
 <b>Ending Fund Balance</b>	 \$ 215,609	 \$ 208,631

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, 2014 & 2013**

	<b>2014</b>	<b>2013</b>
Net Change in Fund Balances - Governmental Funds	\$ 6,978	\$ 27,657
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	(22,967)	(22,967)
Excess of capital outlay over depreciation expense	(22,967)	(22,967)
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	5,357	6,023
Adjustment for Rounding	-	-
Change in Net Position - Comparative Statement	\$ (10,632)	\$ 10,713

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, 2014 and 2013**

	2014			Variance with Final Budget Favorable (Unfavorable)
	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	
	Original	Final		
<b>REVENUES</b>				
Mill Levy	58,000	58,000	67,495	9,495
NFL Grant	28,343	283,456	176,657	(106,799)
Rentals - Building	12,000	12,000	19,473	7,473
Rentals - Equipment	10,000	10,000	26,937	16,937
State Allocation	10,000	10,000	12,907	2,907
WUI Program	65,259	65,259	76,108	10,849
Miscellaneous Income	-	-	1,204	1,204
Interest Income	-	-	873	873
<b>Total Revenues and Sources</b>	<u>183,602</u>	<u>438,715</u>	<u>381,654</u>	<u>(57,061)</u>
Budgeted Cash Balance	<u>163,171</u>	<u>163,421</u>		
<b>Total Revenues and Cash</b>	<u>346,773</u>	<u>602,136</u>		
<b>EXPENDITURES</b>				
Current:				
Payroll	50,000	50,000	45,958	4,042
Payroll Tax & Benefits	11,000	11,000	9,887	1,113
Advertising	2,000	2,000	1,729	271
Audit	9,000	9,000	3,076	5,924
Board Fees	6,500	7,575	7,350	225
Bonding	500	500	384	116
Building Operation & Maintenance	10,000	12,245	7,498	4,747
Conservation Projects - Acequias	5,000	5,000	500	4,500
Contract Services	-	-	4,055	(4,055)
Capital Outlay	-	-	-	-
Dues:	1,300	1,310	1,310	-
Equipment Operation & Maintenance	17,000	18,252	17,254	998
Information & Education	5,000	5,000	2,451	2,549
Insurance	7,500	7,500	5,859	1,641
Interest Expense	5,924	6,088	6,000	88
Miscellaneous	10,000	6,874	5,299	1,575
Office Expense	3,000	4,627	4,330	297
Travel	5,000	5,000	2,719	2,281
NFL Grant - Contractual	24,696	257,643	151,596	106,047
NFL Grant - Operational	-	23,091	-	23,091
NFL Grant - Salary/Benefits	3,647	200	-	200
WUI Phase II Personnel	4,473	1,000	-	1,000
WUI Phase II Contractual	60,786	64,259	76,930	(12,671)
<b>Total Expenditures and Uses</b>	<u>242,326</u>	<u>498,164</u>	<u>354,185</u>	<u>143,979</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, 2014 and 2013**

	2013			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Mill Levy	58,000	58,000	65,585	7,585
Rental Buildings	11,100	11,100	16,475	5,375
Rental Equipment	10,000	10,000	11,201	1,201
State Allocation	10,000	10,000	12,990	2,990
WUI Program	104,842	104,842	47,447	(57,395)
NFL Grant	-	78,400	23,877	(54,523)
Hazardous Fuels	-	-	-	-
Miscellaneous Income	-	-	4,957	4,957
Interest Income	-	-	219	219
Total Revenues and Sources	<u>193,942</u>	<u>272,342</u>	<u>182,751</u>	<u>(89,591)</u>
Budgeted Cash Balance	<u>180,091</u>	<u>180,091</u>		
Total Revenues and Cash	<u>374,033</u>	<u>452,433</u>		
<b>EXPENDITURES</b>				
Current:				
Advertising	1,000	2,000	1,466	534
Audit	9,000	9,000	2,806	6,194
Board Fees	6,000	6,675	6,075	600
Bonding	500	500	384	116
Building Operation & Maintenance	11,000	11,000	5,909	5,091
Contract Services	-	-	2,925	(2,925)
Conservation Projects - Acequia	2,000	5,000	-	5,000
Capital Outlay	-	-	-	-
Dues:	950	1,305	1,280	25
Equipment Operation & Maintenance	19,500	19,500	10,527	8,973
Hazardous Fuels Operational Expense	-	-	-	-
Hazardous Fuels Contract Expense	-	-	-	-
Information & Education	5,000	5,000	4,584	416
Insurance	7,000	7,212	6,465	747
Interest Expense	11,470	11,470	6,500	4,970
Miscellaneous	10,000	4,758	3,733	1,025
NFL Grant Expense	-	84,000	55,544	28,456
Office Expense	5,000	5,000	3,139	1,861
Payroll	49,000	49,000	37,628	11,372
Payroll Tax Expense	11,000	11,000	4,873	6,127
Travel	3,000	3,000	2,886	114
WUI Project Expense	104,842	104,842	40,126	64,716
Total Expenditures and Uses	<u>256,262</u>	<u>340,262</u>	<u>196,850</u>	<u>143,412</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 Years Ended June 30, 2014 and 2013**

	2014	2013
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	381,654	182,751
Revenues received during the current year that were measurable and available at the end of the prior year.	(45,741)	(5,276)
Revenues to be received during the following year that were measurable and available at the end of this year.	22,566	45,741
Adjustment for Rounding	1	-
Total revenues and other financing sources as reported in the statement of revenues expenditures and changes in fund balance-governmental.	358,480	223,216
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	354,185	196,850
Expenditures incurred in the prior year but paid during the current year.	(2,115)	(3,406)
Expenditures incurred in the current year but paid during the following year.	2,081	2,115
Expenditures paid in the current year but expenses in the following year.	(2,649)	-
Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds.	351,502	195,559

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, 2014 and 2013**

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**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014 and 2013**

**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, 2014 and 2013**

**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, 2014 and 2013**

**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, 2014 and 2013**

**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, 2014 and 2013**

**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, 2014 and 2013**

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

**A. Cash**

As of June 30, 2014, the District had a carrying amount of deposits of \$192,474.

Cash deposits are reported at cost, which reasonably estimates fair value. At year-end, the carrying amounts of bank accounts, savings account, and certificate of deposit were \$192,474 while the bank balances were \$194,540.

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, 2014, the District's account at Southwest Capital Bank was fully covered by FDIC insurance which was limited to \$250,000.

The following schedule presents cash on deposit with the Southwest Capital Bank and the collateral pledged by that institution in accordance with Section 6-10-16, NMSA, 1978 Compilation:

	<u>Type</u>	<u>2014</u>	<u>2013</u>
The Southwest Capital Bank PO BOX 3210, Las Vegas, NM 87701	Checking		
Financial statement balance		91,356	64,761
Reconciling items		2,066	277
Total Balance per bank		<u>93,422</u>	<u>65,038</u>
Less: Deposits covered by FDIC Amount Uninsured		<u>(250,000)</u>	<u>(250,000)</u>
		<u>-</u>	<u>-</u>

As of June 30, 2014, the District's accounts at Rincones Presbyterian Credit Union were fully covered by FDIC insurance which was limited to \$250,000.

The following schedule presents cash on deposit with the Rincones Presbyterian Credit Union and the collateral pledged by that institution in accordance with Section 6-10-16, NMSA, 1978 Compilation:

	<u>Type</u>	<u>2014</u>	<u>2013</u>
Rincones Presbyterian Credit Union Savings PO BOX 149, Chacon, NM 87713	Savings		
Financial statement balance		101,118	25
Reconciling items		-	-
Total Balance per bank		<u>101,118</u>	<u>25</u>
Less: Deposits covered by FDIC Amount Uninsured		<u>(250,000)</u>	<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, 2014 and 2013

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

**A. Cash (Continued)**

	<u>Type</u>	<u>2014</u>	<u>2013</u>
Rincones Presbyterian Credit Union PO BOX 149, Chacon, NM 87713	Certificate of Deposit		
Financial statement balance		-	100,219
Reconciling items		-	-
Total Balance per bank		-	-
Less: Deposits covered by FDIC Amount Uninsured		(250,000)	250,000
		-	-

**B. Accounts Receivable**

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

	<u>2014</u>	<u>2013</u>
Property Taxes – Mora County	\$ 2,366	\$ 132
Rental Receivable	925	925
Deposits Receivable	150	2,051
	<u>\$ 3,441</u>	<u>\$ 3,108</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014 and 2013**

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

**C. CAPITAL ASSETS (2014)**

Capital Asset Activity for the year ended June 30, 2014 was as follows:

<u>Description</u>	Balance 6/30/13	Additions	Adjust. (Increase) Decrease	Balance 6/30/14
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>
Less:				
Accumulated Depreciation:				
Buildings	(41,170)	(1,031)		(42,201)
Vehicles	(117,739)	(20,097)		(137,836)
Equipment	(90,266)	(1,839)	-	(92,105)
<b>Total Accumulated Depreciation</b>	<b>\$ (249,175)</b>	<b>\$(22,967)</b>	<b>-</b>	<b>\$ (272,142)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 82,512</b>	<b>\$(22,967)</b>	<b>\$ -</b>	<b>\$ 59,545</b>

Note that there were no additions or deletions of any fixed assets in the year ended June 30, 2014.

STATE OF NEW MEXICO  
 WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014 and 2013

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

**D. CAPITAL ASSETS (2013)**

Capital Asset Activity for the year ended June 30, 2013 was as follows:

<u>Description</u>	Balance 6/30/12	Additions	Adjust. (Increase) Decrease	Balance 6/30/13
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>
Less: Accumulated Depreciation:				
Buildings	(40,139)	(1,031)		(41,170)
Vehicles	(97,642)	(20,097)		(117,739)
Equipment	(88,427)	(1,839)	-	(90,266)
<b>Total Accumulated Depreciation</b>	<b>(226,208)</b>	<b>\$(22,967)</b>		<b>\$ (249,175)</b>
<b>Total Capital Assets, Net</b>	<b>\$105,479</b>	<b>\$(22,967)</b>	<b>\$ -</b>	<b>\$82,512</b>

Note that there were no additions or deletions of any fixed assets in the year ended June 30, 2013.



STATE OF NEW MEXICO  
 WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2014 and 2013

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

**E. LONG-TERM LIABILITIES (2014)**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2014:

	Long-Term Debt Payable At June 30, 2013	New Obligations Incurred	Less: Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2014	Due Within One Year
	\$ 5,447	\$ -	\$ 5,357	\$ 90	\$ 90
Total	<u>\$ 5,447</u>	<u>\$ -</u>	<u>\$ 5,357</u>	<u>\$ 90</u>	<u>\$ 90</u>

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, 2014, the annual requirement to amortize the principal of this outstanding debt is as follows:

Year Ended June 30,	Principal	Interest	Total
2014	-	-	-
2015	<u>90</u>	<u>-</u>	<u>90</u>
Total	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 90</u>

**STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014 and 2013**

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

**F. LONG-TERM LIABILITIES (2013)**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2013:

	Long-Term Debt Payable At June 30, 2012	New Obligations Incurred	Less: Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2013	Due Within One Year
NMFA	\$ 11,470	\$ -	\$ 6,023	\$ 5,447	\$ 5,447
Total	\$ 11,470	\$ -	\$ 6,023	\$ 5,447	\$ 5,447

The District has an outstanding loan from the Bank of Las Vegas to purchase a 2009 Dodge Ram. As of June 30, 2013 the following are the annual debt service requirements for the next five years for this loan:

Payment Due Date	Principal	Interest	Total
2014	5,834	166	6,000
2015	90	-	90
	<u>\$ 5,924</u>	<u>\$ 166</u>	<u>\$ 6,090</u>

**G. Unearned Revenues Payable**

The District received equipment rental deposits in advance of June 30, 2014 in the amount of \$ 150. 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, 2014 and 2013**

**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 is 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 contribution to PERA for the year ended June 30, 2014, was \$1,837. The District's contribution to PERA for the year ended June 30, 2013, was \$1,747.

**D. Pending Litigation**

There is no pending litigation.

**E. Related Party Transactions**

There are no known related party transactions.

## **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***

**Independent Auditor's Report**

Mr. Hector H. Balderas,  
New Mexico State Auditor  
And the  
David Maestas, Chairman, and  
Members of the Board of Supervisors  
Western Mora Soil and Water Conservation District  
Mora, New Mexico 87732

We have audited, in accordance with the 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, the financial statements of the governmental activities, the general fund, and the budgetary comparisons for the general fund of the Western Mora Soil and Water Conservation District as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Western Mora Soil and Water Conservation District's basic financial statements and related budgetary comparisons of Western Mora Soil and Water Conservation District presented as supplemental information, and have issued our report thereon dated December 1, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Western Mora Soil and Water Conservation District's internal control over financial reporting to determine our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Western Mora Soil and Water Conservation 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. 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.

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

CPA

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal controls, described in the accompanying *Schedule of Findings, Recommendations, and Responses*, that we consider to be a significant deficiency. This item is described in the schedule as 2004-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Western Mora Soil and Water Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The District's Responses to Findings**

The District's response to the finding identified in our audit is described in the accompanying *Schedule of Findings, Recommendations, and Responses*. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on that item.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robert L. Mantz, CPA, P.C.*  
Robert L. Mantz, CPA, P.C.  
Raton, NM  
December 1, 2014

**SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND  
RESPONSES**

STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES  
JUNE 30, 2014 AND 2013

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

- 04-01. Inaccurate Cash Reconciliations. – Modified and Repeated.
- 07-04. Late Report – Resolved.

**STATUS OF CURRENT YEAR AUDIT FINDINGS**

**Finding 2004-001. Inaccurate Cash Reconciliations – Significant Deficiency**

Condition

Reconciliation totals for the general fund operating checking account does 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 showed \$9,325.90 in outstanding deposits as of June 30, 2011. The actual balance of deposits-in-transient was s actually \$0.00. The District showed \$7,215.70 in outstanding checks as of June 30, 2011. The actual amount of outstanding checks was \$5,175.68. The general ledger was understated by \$1,490.42.

As of June 30, 2013, the District showed \$499.60 in outstanding deposits. Actual outstanding deposit was zero. Outstanding checks shown by the District for that period was \$2,367.02. The actual total outstanding checks were \$277.00. The District's checking account balance was \$63,170.57. The auditor's balance of the checking account was \$64,760.99. The District's checking account balance was understated by \$1,590.42.

As of June 30, 2014, the District showed \$150.00 in total outstanding deposits of \$150.00. The actual outstanding deposits were zero. The total outstanding checks shown by the District was \$2,550.53. The actual outstanding checks were \$2,065.53. The District's checking account balance was \$91,021.35. The auditor's balance for the operational checking account was \$91,356.35. The District's checking account balance was understated by \$335.00.



STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES  
JUNE 30, 2014 AND 2013

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. Overstatements and understatements of the cash balance of the checking account could influence Board decisions.

Cause

The reconciliation between the bank balance and book balance might be a lack of understanding of Quickbooks methodology in bank reconciliations. Another explanation may be unique situations that occur occasionally.

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. If the situation is unique, the District Clerk may want to discuss the matter with an expert in Quickbooks. The District Clerk may want to do a manual bank reconciliation to proof Quickbooks' bank reconciliation.

District's Response

The District Clerk will now include the balance in the minutes. All reports that have been submitted to DFA agree 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. If needed, the District Clerk will confer with Quickbooks technical support.

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**FINANCIAL STATEMENT PREPARATION**

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

## **EXIT CONFERENCE**

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STATE OF NEW MEXICO  
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE  
June 30, 2014

**EXIT CONFERENCE**

On December 1, 2014, an exit conference was held at the District's office. Those present were Juan F. Archuleta, Vice Chairman of the Board, 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.

December 1, 2014

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

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