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STATE OF NEW MEXICO

WESTERN MORA
SOIL AND WATER CONSERVATION DISTRICT

FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2015 and 2014

(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, 2015 and 2014**

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STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2015

Board of Supervisors

Position

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

Supervisors

Leroy Abeyta	Supervisor
Joseph Griego	Supervisor

District Personnel

Title

Megan McCawley-Rivera	District Manager
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FINANCIAL SECTION

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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. Timothy Keller
New Mexico State Auditor

Report on the 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, 2015 and 2014, 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 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. Accordingly, we express no such opinion.

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 opinions.

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Opinions

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, 2015 and 2014, 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. The other schedules as required by 2.2.2.NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2. NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2. NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated February 18, 2016 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, PC

Robert L. Mantz, CPA, P.C.
Raton, NM 87740
February 18, 2016

STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

The District's total net position increased \$7,397 as compared to a \$10,632 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 \$227,460, which was an increase of \$11,8751 in comparison with a \$6,977 increase in the prior year.

The District's long-term liability comprised of one loan from the Bank of Las Vegas. This note was paid off in 2015. 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 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: Below is a summary of the District’s net assets for the fiscal years ending June 30, 2015 and 2014. 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 Position.

WESTERN MORA SOIL & WATER CONSERVATION DISTRICT

Net Position

Governmental Activities

	2015	2014
Current Assets	233,186	217,689
Capital Assets	55,001	59,545
Deferred Outflow of Resources	812	
Total Assets	<u>288,999</u>	<u>277,234</u>
Long-term Liabilities Outstanding	-	-
Other Liabilities	5,726	2,170
Net Pension Liability	20,283	-
Deferred Inflows of Resources	7,949	
Total Liabilities	<u>33,958</u>	<u>2,170</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	55,001	59,456
Restricted	-	-
Unrestricted	200,040	215,608
Total Net Assets	<u>255,041</u>	<u>275,064</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years 2015 and 2014. 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

	2015	2014
Revenues:		
Program Revenues	169,519	274,533
General Revenues	86,430	83,946
Total Revenues	<u>255,949</u>	<u>358,479</u>
Expenses:		
District Operations	248,552	369,112
Change in Net Assets	7,397	(10,633)
Net Position – Beginning	275,064	285,697
Re-instatement	-27,420	-
Net Position - Ending	<u>255,041</u>	<u>275,064</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 \$227,460.

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 \$11,851.

GENERAL FUND BUDGETARY HIGHLIGHTS

The major difference between the 2015 original budget and the final 2015 amended budget was there was a small decrease in expenditures. 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, 2015, amounts to \$55,001 (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's total long-term debt was paid off in full so there was no long-term outstanding as of June 30, 2015.

The District's total long-term debt decreased by \$90 in 2015 as compared to \$5,357 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 2016 budgeted expenditures decreased from \$295,080 in 2015 to \$168,981 in 2016.

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, 2015 and 2014**

	2015	2014
ASSETS		
Current Assets:		
Cash	\$ 222,644	\$ 192,474
Accounts Receivable	5,138	3,441
Grants Receivable	2,550	19,125
Accrued Interest Receivable	-	-
Prepaid Insurance	2,854	2,649
Total Current Assets	233,186	217,689
Noncurrent Assets		
Capital Assets	342,462	331,687
Less: Accumulated Depreciation	(287,461)	(272,142)
Net Capital Assets	55,001	59,545
Deferred Outflow of Resources		
Post Measurement Date Contributions	812	-
Total Assets and Deferred Outflows	288,999	277,234
 LIABILITIES		
Current Liabilities		
Accounts Payable	2,020	2,003
Payroll Liabilities Payable	1,864	77
Prepaid Rental Income Payable	1,842	-
Note Payable - Current Portion	-	90
Total Current Liabilities	5,726	2,170
Long-term Liabilities		
Net Pension Liability	20,283	-
Note Payable	-	-
Total Long-term Liabilities	20,283	-
Total Liabilities	26,009	2,170
Deferred Inflows of Resources		
Deferred Inflows - Pension Investment Experience	7,935	-
Deferred Inflows - Pension Changes in Assumption	14	-
Total Deferred Inflows of Resources	7,949	-
 NET POSITION		
Unrestricted	200,040	215,609
Net Investment in Capital Assets	55,001	59,455
Total Net Position	255,041	275,064
Total Liabilities, Deferred Inflows, and Net Position	288,999	277,234

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, 2015 and 2014

	2015	2014
Program Expenses		
Conservation:		
Advertising	\$ 2,076	\$ 1,729
Audit Fees	10,706	3,076
Contractual Services	4,300	4,055
Dues	75	1,310
Hazardous Contractual	-	-
Hazardous Operational	-	-
Information and Education	4,111	2,632
Insurance Bond	384	384
Insurance Expense	5,883	3,210
Interest Expense	-	643
Mileage and Per Diem	3,980	2,719
Office Supplies	5,816	9,518
Operation & Maintenance - Building	10,494	7,612
Operation & Maintenance - Equipment	14,910	18,490
Payroll Tax & Employee Benefits	7,658	8,433
Supervisor Fees	7,094	7,350
Wages & Salaries	49,573	45,958
WUI Expenditures	-	76,930
NFL Program Expenses	106,173	151,596
Acequias	-	500
Depreciation	15,319	22,967
Total Program Expenses	248,552	369,112
Program Revenues		
Grants - WUI Grant Income	-	65,258
- NFL Grant Income	119,340	164,116
- Hazardous Fuels Project Income	-	-
Charges for Services - Rental Income - Building	19,500	19,500
- Rental Income - Equipment	30,679	25,659
- Rental Income - Other	-	-
Total Program Revenues	169,519	274,533
Changes in Net Assets		
Net Program (Expense) Revenue	(79,033)	(94,579)
General Revenues		
Taxes/ Water Assessments	70,755	69,729
NMDA Allotment	14,741	12,907
Miscellaneous Income	427	553
Interest Income	507	757
Total General Revenues	86,430	83,946
Change in Net Position	7,397	(10,633)
Net Position at Beginning of Year, as Previously Stated	275,064	
Restatement	(27,420)	
Net Position - Beginning of the Year, Restated	247,644	285,697
Net Position - Ending	\$ 255,041	\$ 275,064

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, 2015 and 2014

	<u>General Fund 2015</u>	<u>General Fund 2014</u>
ASSETS		
Cash	\$ 222,644	\$ 192,474
Accounts Receivable	5,138	3,441
Grants Receivable	2,550	19,125
Accrued Interest Receivable	-	-
Prepaid Insurance	<u>2,854</u>	<u>2,649</u>
Total Assets	<u><u>233,186</u></u>	<u><u>217,689</u></u>
LIABILITIES		
Accounts Payable	2,020	2,003
Prepaid Rent Payable	1,842	
Payroll Liabilities	<u>1,864</u>	<u>77</u>
Total Liabilities	<u>5,726</u>	<u>2,080</u>
FUND BALANCE		
Unassigned	<u>227,460</u>	<u>215,609</u>
Total Fund Balance	<u>227,460</u>	<u>215,609</u>
Total Liabilities and Fund Balance	<u><u>\$ 233,186</u></u>	<u><u>\$ 217,689</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 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Amounts reported for governmental activities in the Statement of Net Assets are different from the way reported in the Balance Sheet - Governmental Funds as follows:		
Total Fund Balances for the Governmental Funds	\$ 227,460	\$ 215,609
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	342,462	331,687
Accumulated depreciation	<u>(287,461)</u>	<u>(272,142)</u>
Total Net Capital Assets	<u>55,001</u>	<u>59,545</u>
Deferred Outflow of Resources		
Pension Contributions made After Measurement	812	
Net Pension Liability	(20,283)	
Deferred Inflows - Pension Investment Experience	(7,935)	
Deferred Inflows - Pension Changes in Assumption	<u>(14)</u>	
Net Pension Adjustment	<u>(27,420)</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>-</u>	<u>(90)</u>
Adjustment for Rounding	<u>-</u>	<u>-</u>
Total Net Position - Comparative Statement	<u>\$ 255,041</u>	<u>\$ 275,064</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, 2015 and 2014

	General Fund 2015	General Fund 2014
REVENUES		
Taxes - Property taxes	70,755	69,729
Intergovernmental Revenues - State Allotment	14,741	12,907
- WUI Grant Income	-	65,258
- NFL Grants Income	119,340	164,116
- Hazardous Fuels Income	-	-
Charges for Service - Rental Income - Building	19,500	19,500
- Rental Income - Equipment	30,679	25,659
- Rental Income - Other	-	-
Miscellaneous - Miscellaneous Income	427	553
- Interest Income	507	758
Total Revenues	<u>255,949</u>	<u>358,480</u>
EXPENDITURES		
Current:		
Advertising	2,076	1,729
Audit fees	10,706	3,076
Bond Insurance Fee	384	384
Contractual Services	4,300	4,055
Dues	75	1,310
Hazardous Fuels Project - Contractual	-	-
Hazardous Fuels Project - Operational	-	-
Information & Education	4,111	2,632
Insurance	5,883	3,210
Mileage & Per Diem	3,980	2,719
Office Supplies Expense	5,816	9,518
Operations & Maintenance - Building	10,494	7,612
Operations & Maintenance - Equipment	14,910	18,490
Payroll Taxes & Employee Benefits	7,658	8,433
Supervisor Fees	7,094	7,350
Wages & Salaries	49,573	45,958
WUI Expenditures	-	76,930
NFL Expenditures	106,173	151,596
Acequias	-	500
Capital Outlay:	10,775	-
Debt Service: Principal	90	5,357
Interest	-	643
Total Expenditures	<u>244,098</u>	<u>351,502</u>
Net Changes in Fund Balances	11,851	6,978
Beginning Fund Balance	<u>215,609</u>	<u>208,631</u>
Ending Fund Balance	<u>\$ 227,460</u>	<u>\$ 215,609</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, 2015 & 2014**

	2015	2014
Net Change in Fund Balances - Governmental Funds	\$ 11,851	\$ 6,978
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	10,775	-
Depreciation expense	(15,319)	(22,967)
Excess of capital outlay over depreciation expense	(4,544)	(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	90	5,357
Adjustment for Rounding	-	(1)
Change in Net Position - Comparative Statement	\$ 7,397	\$ (10,633)

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, 2015 and 2014

	2015			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Mill Levy	58,000	58,000	69,868	11,868
Rental Buildings	17,000	17,000	21,350	4,350
Rental Equipment	10,000	10,000	30,679	20,679
State Allocation	10,000	10,000	14,741	4,741
WUI Program	-	-	-	-
NFL Grant	129,265	129,265	135,915	6,650
Hazardous Fuels	-	-	-	-
Miscellaneous Income	-	-	426	426
Interest Income	-	-	507	507
Total Revenues and Sources	<u>224,265</u>	<u>224,265</u>	<u>273,486</u>	<u>49,221</u>
Budgeted Cash Balance	<u>193,430</u>	<u>193,430</u>		
Total Revenues and Cash	<u>417,695</u>	<u>417,695</u>		
EXPENDITURES				
Current:				
Advertising	2,500	2,500	2,076	424
Audit	4,000	10,706	10,706	-
Board Fees	7,500	7,500	7,094	406
Bonding	500	500	384	116
Building Operation & Maintenance	9,500	15,161	8,765	6,396
Contract Services	-	4,300	4,300	-
Conservation Projects - Acequias	5,000	5,000	-	5,000
Capital Outlay	24,481	10,776	10,776	-
Dues:	1,500	1,500	75	1,425
Equipment Operation & Maintenance	23,000	23,000	16,284	6,716
Hazardous Fuels Operational Expense	-	-	-	-
Hazardous Fuels Contract Expense	-	-	-	-
Information & Education	5,000	5,000	4,292	708
Insurance	6,500	6,500	6,088	412
Interest Expense	582	90	90	-
Miscellaneous	5,000	1,782	1,783	(1)
NFL Grant Expense	129,265	129,265	106,173	23,092
Office Expense	4,500	4,500	4,107	393
Payroll	55,000	55,000	51,644	3,356
Payroll Tax Expense	8,000	8,000	6,424	1,576
Travel	4,000	4,000	3,980	20
WUI Project Expense	-	-	-	-
Total Expenditures and Uses	<u>295,828</u>	<u>295,080</u>	<u>245,041</u>	<u>50,039</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, 2015 and 2014

	2014			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
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
Total Revenues and Sources	<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>		
Total Revenues and Cash	<u>346,773</u>	<u>602,136</u>		
EXPENDITURES				
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)
Total Expenditures and Uses	<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
COMPARATIVE BUDGETARY COMPARISON STATEMENT
BUDGET-TO-GAAP RECONCILIATION
GENERAL FUND
For The Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	273,486	381,654
Revenues received during the current year that were measurable and available at the end of the prior year.	(22,566)	(45,741)
Revenues to be received during the following year that were measurable and available at the end of this year.	7,688	22,566
Revenues Deferred to the Following Year.	(1,842)	-
Deposits returned to clients.	(817)	-
Adjustment for Rounding	<u>-</u>	<u>1</u>
Total revenues and other financing sources as reported in the statement of revenues expenditures and changes in fund balance-governmental.	<u><u>255,949</u></u>	<u><u>358,480</u></u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	245,041	354,185
Expenditures incurred in the prior year but paid during the current year.	(2,081)	(2,115)
Expenditures incurred in the current year but paid during the following year.	3,884	2,081
Expenditures paid in the prior year but expensed in this year.	2,649	-
Expenditures paid in the current year but expenses in the following year.	(2,854)	(2,649)
Deposits returned to clients.	<u>(2,541)</u>	<u>-</u>
Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds.	<u><u>244,098</u></u>	<u><u>351,502</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, 2015 and 2014**

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**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

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, 2015 and 2014**

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, 2015 and 2014**

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 Position, "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, 2015 and 2014**

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, 2015 and 2014**

NOTE 1. FINANCIAL STATEMENT AMOUNTS (Continued)

4. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Net Position and Fund Balance

Net Position, as reported in the Comparative Statement of Net Position, are associated with general government assets and liabilities in the government-wide financial statements. Net assets are restricted for amounts Net Investment in Capital Assets.

Fund balance, as reported in the Comparative Balance Sheet – Governmental Funds, represents assets less liabilities of the governmental fund types. There were no restrictions 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, 2015 and 2014**

NOTE 3. DETAILED NOTES ON ACCOUNTS AND TRANSACTION CLASSES

A. Cash

As of June 30, 2015, the District had a carrying amount of deposits of \$222,644.

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 \$222,644 while the bank balances were \$192,474.

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, 2015, 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>2015</u>	<u>2014</u>
The Southwest Capital Bank PO BOX 3210, Las Vegas, NM 87701	Checking		
Financial statement balance		121,020	91,356
Reconciling items		1,175	2,066
Total Balance per bank		<u>122,195</u>	<u>93,422</u>
Less: Deposits covered by FDIC Amount Uninsured		<u>(250,000)</u>	<u>(250,000)</u>
		<u>-</u>	<u>-</u>

As of June 30, 2015, 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>2015</u>	<u>2014</u>
Rincones Presbyterian Credit Union Savings PO BOX 149, Chacon, NM 87713	Savings		
Financial statement balance		101,624	101,118
Reconciling items		-	-
Total Balance per bank		<u>101,624</u>	<u>101,118</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, 2015 and 2014

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

A. Cash (Continued)

	Type	2015	2014
Rincones Presbyterian Credit Union PO BOX 149, Chacon, NM 87713	Certificate of Deposit		
Financial statement balance		-	-
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:

	2015	2014
Property Taxes – Mora County	\$ 3,254	\$ 2,366
Rental Receivable	925	925
Deposits Receivable	959	150
	\$ 5,138	\$ 3,441

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

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

C. CAPITAL ASSETS (2015)

Capital Asset Activity for the year ended June 30, 2015 was as follows:

<u>Description</u>	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Adjust. (Increase) Decrease</u>	<u>Balance 6/30/15</u>
Land	\$ 8,943		-	\$ 8,943
Buildings	61,061	-	-	61,061
Vehicles	152,677	-	-	152,677
Equipment	109,006	10,775	-	119,781
Totals at Historical Cost	331,687	10,775	-	342,462
Less:				
Accumulated Depreciation:				
Buildings	(42,201)	(1,031)		(43,232)
Vehicles	(137,836)	(12,444)		(150,280)
Equipment	(92,105)	(1,844)	-	(93,949)
Total Accumulated Depreciation	\$ (272,142)	\$(15,319)	-	\$ (287,461)
Total Capital Assets, Net	\$ 59,545	\$(4,544)	\$ -	\$ 55,001

Note that there were two additions and no deletions of any fixed assets in the year ended June 30, 2015.

STATE OF NEW MEXICO
 WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2015 and 2014

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

D. 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
Totals at Historical Cost	331,687	-	-	331,687
Less: Accumulated Depreciation:				
Buildings	(41,170)	(1,031)		(42,201)
Vehicles	(117,739)	(20,097)		(137,836)
Equipment	(90,266)	(1,839)	-	(92,105)
Total Accumulated Depreciation	(249,175)	\$(22,967)		\$ (272,142)
Total Capital Assets, Net	\$ 82,512	\$(22,967)	\$ -	\$59,545

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, 2015 and 2014

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

E. LONG-TERM LIABILITIES (2015)

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2015:

	Long-Term Debt Payable At June 30, 2014	New Obligations Incurred	Less: Payments Made on Long-Term Debt	Long-Term Debt Payable At June 30, 2015	Due Within One Year
	\$ 90	\$ -	\$ 90	\$ -	\$ -
Total	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ -</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, 2015, 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>
2015	\$ -	-	\$ -
Total	<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, 2015 and 2014**

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

F. 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
NMFA	\$ 5,447	\$ -	\$ 5,357	\$ 90	\$ 90
Total	\$ 5,447	\$ -	\$ 5,357	\$ 90	\$ 90

The District has an outstanding loan from the Bank of Las Vegas to purchase a 2009 Dodge Ram. As of June 30, 2014 the following are the annual debt service requirements for the next five years for this loan:

Payment Due Date	Principal	Interest	Total
2014	0	0	0
2015	90	-	90
	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 90</u>

G. Unearned Revenues Payable

The District received equipment rental deposits in advance of June 30, 2015 in the amount of \$ 1,842. 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, 2015 and 2014

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. Pending Litigation

There is no pending litigation.

D. Related Party Transactions

There are no known related party transactions.

E. PERA Pension Plan

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11 A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

E. PERA Pension Plan (Continued)

Benefits provided for a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at:

[http://vAvw.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://vAvw.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Contributions. The contribution requirements of defined benefit plan members and the Western Mora Soil and Water Conservation District are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY 14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202014.pdf). The PERA coverage options that apply to Western Mora Soil and Water Conservation District are State General. Statutorily required contributions to the pension plan from the Western Mora Soil and Water Conservation District were \$1,892 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The employee's proportion of the net pension liability for each membership group depends on the group that the employer participates in, based on the employer contributing the percentage of that membership group's, and the total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total populations. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund State General Division at June 30, 2015, the Western Mora Soil and Water Conservation District reported a liability of \$20,283 for its proportionate share of the net pension liability. At June 30, 2014, the Western Mora Soil and Water Conservation District's proportion was .00026%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

E. PERA Pension Plan (Continued)

For the year ended June 30, 2015, the Western Mora Soil and Water Conservation recognized PERA Fund Division State General pension expense of \$1,897. At June 30, 2015, the Western Mora Soil and Water Conservation District reported PERA Fund Division-State General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Change of assumptions	\$ -	\$ 14
Net Difference between projected and actual earnings on Pension investments	-	7,935
Changes in proportion and differences between Western Mora Soil and Water Conservation District contributions and proportionate share of Contributions	-	-
Western Mora SWCD contributions subsequent to The measurement date	<u>1,892</u>	<u>-</u>
Total	<u>\$ 1,892</u>	<u>\$ 7,949</u>

\$1,897 reported as deferred outflows of resources related to pensions resulting from Western Mora Soil and Water Conservation District contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2016	\$ 1,987
2017	1,987
2018	1,987
2019	1,987
2020	-
There After	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

E. PERA Pension Plan (Continued)

Actuarial valuation date	30-June-13
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage pay
Amortization period	Solved for based on statutory rebates
Asset Valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of expense
Payroll growth	3.50% annual rate
Projected salary increase	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

All Funds – Asset Class	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Sectors	5.0%	4.80%
Real Estate	7.0%	5.70%
Real Assets	<u>4.0%</u>	4.15%
Total	<u>100.0%</u>	

**STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014**

E. PERA Pension Plan (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Western Mora Soil and Water Conservation District's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Western Mora Soil and Water Conservation District's employee's net pension liability in each PERA Fund Division that the District participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease	Current Discount	1% Increase
	<u>6.75%</u>	<u>Rate 7.75%</u>	<u>8.75%</u>
Western Mora SWCD proportionate Share of the net pension liability	\$ 38,238	\$ 20,283	\$ 6,412

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at: <http://www.pera.state.nm.us/publications.html>.

Equity Restatement

In accordance with GASB 68, the District is required to restate its prior year Net Position. In order to record the prior year pension liabilities, the adjustment was \$27,420.

REQUIRED SUPPLEMENTAL INFORMATION

State of New Mexico
 Western Mora Soil and Water Conservation District
 Schedule of the Proportionate Share of the Net Pension Liability
 Of Fund Division for the Past Ten Years – State General
 Public Employees Retirement Association (PERA) Plan
 June 30, 2015

		<u>2015</u>
Western Mora SWCD portion of net pension liability (asset)		0.00026%
Western Mora SWCD proportionate share of the net pension liability (asset)	\$	20,283
Western Mora SWCD covered-employee payroll	\$	27,935
Western Mora SWCD proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		73%
Plan fiduciary net position as a percentage of total pension liability		69.19%

**The amounts presented were determined as of June 30, 2015. The Schedule is presented to illustrate the requirement to show information for 10 years. However, until all full 10 trend is compiled the Western Mora Soil and Water Conservation District will present information for those years for information which is available.

State of New Mexico
 Western Mora Soil and Water Conservation District
 Schedule of Contributions
 Public Employees Retirement Association (PERA) Plan for the Past Ten Years
 PERA Fund Division – State General
 June 30, 2015

		<u>2015</u>
Contractually required contribution	\$	1,892
Contributions in relation to the contractually required contribution		<u>(1,892)</u>
Contribution deficiency (excess)	\$	<u>-</u>
Western Mora SWCD covered-employee payroll	\$	27,935
Contributions as a percentage of covered payroll		6.77%

**This Schedule is presented to illustrate the requirement to show information for a full 10 years. However, until a full 10 year trend is compiled the Western Mora SWCD will present information for those years for information which is available.

State of New Mexico
Western Mora Soil and Water Conservation District
Notes to Required Supplemental Information
June 30, 2015

Changes in benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes in assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuations June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_Final.pdf

The Summary of Key findings for the PERA Fund (on page 2 of the report) states based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to fund liabilities and an increase of .13% to the funded ratio. For details about changes in the actuarial assumptions see Appendix B on page 60 of the report.

OTHER REPORTS

State of New Mexico
 Western Mora Soil and Water Conservation District
 Schedule of Vendor Information
 June 30, 2015

SCHEDULE OF VENDOR INFORMATION

Schedule of Vendor Information
 For the Year Ended June 30, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount Of Awarded Vendor	\$ Amount Of Amended Contract	Name and Physical Address per the Procurement Documentation, Of ALL Vendor(s) that responded	In-State/ Out-Of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-state and Chose Veteran's Preference (Y or N) for federal Funds answer N/A	Brief Description Of the Scope Of Work
None								

**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. Timothy Keller,
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, 2015 and 2014, 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 February 18, 2016.

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.

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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 and Responses*, that we consider to be a significant deficiency. This item is described in the schedule as 2015-001.

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 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.
Raton, NM
February 18, 2016

SCHEDULE OF FINDINGS AND RESPONSES

STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015 AND 2014

STATUS OF PRIOR YEAR AUDIT FINDINGS

2004-001. Inaccurate Cash Reconciliations. – Resolved.

STATUS OF CURRENT YEAR AUDIT FINDINGS

2015-001- **Late Report** – Significant Deficiency

Condition

The 2015 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 February 22, 2016.

Criteria

In accordance with SAO Rule 2.2.9-A(1)(g), the 2015 audit for the District should have been completed by December 15, 2015.

Effect

The late report for the Western Mora Soil and Water Conservation District may cause the District to lose some grants.

Cause

Because of administrative problems with the Firm Resume of Robert L. Mantz, CPA, P.C., the contract was issued late. The final contract for June 30, 2015, was finally awarded by the New Mexico State Auditor's Office on January 12, 2016.

STATE OF NEW MEXICO
WESTERN MORA SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015 AND 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 15.

District Response

The District agrees that their audits should be completed in a timely matter. The Agency may not be awarded some grants because the 2015 audit is late. The District manager will complete the audit contract with a qualified Independent Auditor by no later than June 30 to enable the auditor to complete the field work by October 31.

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, 2015**

EXIT CONFERENCE

On February 18, 2016, an exit conference was held at the District's office. Those present were Juan F. Archuleta-Vice Chairman of the Board, Julian Olivas-Secretary/Treasurer, 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.

February 18, 2016



Robert L. Mantz, CPA, P.C.