

STATE OF NEW MEXICO

**CIUDAD SOIL & WATER
CONSERVATION DISTRICT**

**AUDITED FINANCIAL STATEMENTS AND
ANNUAL FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT THERON**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

INTRODUCTORY SECTION

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 CIUDAD SOIL & WATER CONSERVATION DISTRICT
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CIUDAD SOIL & WATER CONSERVATION DISTRICT
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CIUDAD SOIL & WATER CONSERVATION DISTRICT.
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2023

Board of Supervisors

Name	Title
Steve Glass	Chair
Thomas Allen	Vice-Chair
Zoe Economou	Treasurer
Daniel Conklin	Supervisor
Maria Young	Supervisor

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mr. Joseph M. Maestas, P.E.
New Mexico State Auditor
and
Members of the Board of Supervisors
Ciudad Soil & Water Conservation District
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the general fund of the Ciudad Soil & Water Conservation District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023 and the respective changes in financial position and the budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion in these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the Financial Statements

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; and for 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.

In preparing the financial statements, management is required to evaluate whether the conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.
- Exercise professional judgement and maintain professional skepticism throughout the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, and the notes to the required supplementary information, 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, and historical context. We have applied certain limited procedures to the Schedule of the District's Proportionate Share of the Net Pension in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is 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. The supplementary 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 financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion the schedule of pledged collateral and budgetary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information required by Section 2.2.2 NMAC, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exist between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2023 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.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC
Albuquerque, New Mexico
December 13, 2023

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

ASSETS	Governmental Activities
Current Assets	
Investment in SGFIP	\$ 579,367
Receivables	-
Total current assets	<u>579,367</u>
Noncurrent Assets	
Furniture, fixtures and equipment	21,999
Less accumulated depreciation	(21,999)
Intangible assets	595
Less accumulated amortization	-
Total Noncurrent Assets	<u>595</u>
Deferred Outflows of Resources:	
Total Deferred Outflows of Resources	<u>76,106</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 656,068</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 968
Accrued payroll	5,129
Compensated absences - current	-
Total current liabilities	<u>6,097</u>
Long-Term Liabilities	
Compensated absences - long-term	4,413
Net pension liability	194,753
Total Noncurrent Liabilities	<u>199,166</u>
Deferred Inflows of Resources:	
Total Deferred Inflows of Resources	<u>10,235</u>
Total Liabilities and Deferred Inflows of Resources	<u>215,498</u>
NET POSITION	
Net Investment in Capital Assets	595
Unrestricted	<u>439,975</u>
Total net position	<u>440,570</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 656,068</u></u>

The accompanying notes are an integral part of the financial statements

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023**

EXPENSES

Payroll expense	256,434
Operating expense	19,990
Miscellaneous expense	-
Federal project expense	266,951
State project expense	130,702
Local project expense	303,885
Private project expense	72,810
Contract services expense	-
Depreciation expense	-
	<u>1,050,772</u>
<i>Total expenses</i>	<u>1,050,772</u>

PROGRAM REVENUES

Federal Grants	693,845
State Grants	151,625
Private/local funding	508,022
Program Income	33,355
Cost sharing	38,454
	<u>1,425,301</u>
<i>Total program revenues</i>	<u>1,425,301</u>
<i>Net program expense</i>	<u>374,529</u>

GENERAL REVENUES

State Allotment	\$ 19,167
Interest income	-
Miscellaneous revenues	1,313
	<u>20,480</u>
<i>Total general revenues</i>	<u>20,480</u>

CHANGE IN NET POSITION 395,009

NET POSITION - BEGINNING OF YEAR 45,561

NET POSITION - END OF YEAR \$ 440,570

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

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 BALANCE SHEET – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

ASSETS

Current assets

Cash and cash equivalents	\$	579,367
Accounts receivable		-
<i>Total current assets</i>		<u>579,367</u>

<i>Total assets</i>	\$	<u>579,367</u>
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LIABILITIES

Current liabilities

Accounts payable	\$	968
Accrued liabilities		5,129
<i>Total current liabilities</i>		<u>6,097</u>

NET POSITION

Unrestricted net assets		<u>573,270</u>
<i>Total net position</i>		<u>573,270</u>

<i>Total Liabilities and net position</i>	\$	<u>579,367</u>
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The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2023**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 573,270
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	21,999
Accumulated depreciation	(21,999)
Intangible assets	595
Defined benefit pension plan deferred outflows are not financial resources and therefore are not reported in the funds.	
	76,106
Defined benefit pension plan deferred inflows are not financial resources and therefore are not reported in the funds.	
	(10,235)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(4,413)
Net pension liability	(194,753)
Net position of governmental activities	\$ <u>440,570</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE – GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Federal Grants	\$ 693,845
State Grants	151,625
Private/local funding	508,022
Cost sharing	38,454
Program Income	33,355
State Allotment	19,167
Miscellaneous revenues	<u>1,313</u>
<i>Total operating revenues</i>	<u>1,445,781</u>
 OPERATING EXPENSES	
Payroll expense	228,354
Operating expense	19,990
Miscellaneous expense	-
Federal project expense	266,951
State project expense	130,702
Local project expense	303,885
Private project expense	72,810
Contract services expense	<u>-</u>
<i>Total operating expenses</i>	<u>1,022,692</u>
<i>Operating income (loss)</i>	<u>423,089</u>
 OTHER INCOME (EXPENSE)	
Interest income	<u>-</u>
Total other income (expense)	<u>-</u>
CHANGE IN NET POSITION	423,089
NET POSITION - BEGINNING OF YEAR	<u>150,181</u>
NET POSITION - END OF YEAR	<u>\$ 573,270</u>

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$	423,089
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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		-
Amortization expense		-
		-

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences at:		
June 30, 2022		-
June 30, 2023		(4,413)
Pension expense		(23,667)
		(23,667)

Change in net position of governmental activities	\$	<u>395,009</u>
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The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Fund	\$ 20,417	20,417	-	(20,417)
Grants				
Federal Grants	1,771,518	1,771,518	693,845	(1,077,673)
Local Grants	435,010	435,010	473,139	38,129
Private Grants	35,000	35,000	34,883	(117)
State Funding	263,951	263,951	170,792	(93,159)
Cost Share	88,000	88,000	38,454	(49,546)
Program Revenue	41,250	41,250	33,355	(7,895)
Miscellaneous Revenue	-	-	1,313	1,313
Total Revenues	<u>2,655,146</u>	<u>2,655,146</u>	<u>1,445,781</u>	<u>(1,209,365)</u>
Expenditures:				
Current:				
Personnel Services	245,927	245,927	228,354	17,573
Contractual Services	1,885,807	1,885,807	774,348	1,111,459
Operating Expense	26,850	26,850	-	
Internet/Phone	1,488	1,488	1,297	191
Cost Sharing Expense	88,000	88,000	-	88,000
Mileage Reimbursement/Per Diem	4,000	4,000	3,518	482
Project Supplies	169,325	169,325	-	169,325
Vehicle Expense	3,150	3,150	2,986	164
Advertising	1,500	1,500	2,856	(1,356)
Annual Audit	4,315	4,315	4,310	5
Liability and Workers Compensation Insurance	1,400	1,400	1,405	(5)
Office Supplies	1,500	1,500	1,242	258
Legal Notices	600	600	652	(52)
Training and Workshops	900	900	705	195
Bank Fees	350	350	396	(46)
Dues and Board Fees	181	181	181	-
Postage Expense	500	500	442	58
Bond Payments Principal	-	-	-	-
Other Debt Service	-	-	-	-
Depreciation	-	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	<u>2,435,793</u>	<u>2,435,793</u>	<u>1,022,692</u>	<u>1,413,101</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	219,353	219,353	423,089	
Budgeted Cash Carryover	<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balance	\$ 219,353	219,353	<u>423,089</u>	
Fund Balance Beginning of Year			<u>150,181</u>	
Fund Balance End of Year			<u><u>573,270</u></u>	

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

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies

The financial statements of the Ciudad Soil and Water Conservation District (the District) have been prepared on a modified accrual basis of accounting. The New Mexico Office of the State Auditor is responsible for establishing the modified accrual basis for state and local governments through its pronouncements. The more significant of the District's accounting policies are described below.

The District is organized under the provisions of the Soil and Water Conservation District Act (73-20-25 through 73-20-48) 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 District is overseen by a seven-member volunteer Board of Supervisors who provide leadership and management expertise.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges and issue bonded debt. The District has no component units, financially dependent affiliates, nor is it legally liable for actions of other agencies.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District Board of Supervisors are financially accountable. There are no other primary governments with which the District Board of Supervisors are financially accountable. There are no other primary governments with which the District has a significant relationship.

The District's financial statement include all entities over which the Board of Director's exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretation, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have a component unit and is not a component unit of another government agency.

B. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and state allotments.

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 recorded.

Governmental 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 both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Statement of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the direct expense of a given function or segments is 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; and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not included among program revenues are reported as *general revenues*.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies (Continued)

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Budgetary Information - Annual budgets of the District are prepared prior to June 1 and must be approved by resolution of the District Board of Directors and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the District Board of Directors and the Department of Finance and Administration (DFA). Line items within each fund budget may be overexpanded; however, it is not legally permissible to over-expend the fund's budget in total. Over-expending the authorized budget in the fund will result in a finding.

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The District did not prepare a budget and submit it to the DFA for the current year.

B. Assets, Liabilities, and Net Position or Equity, Other Matters

Cash and Temporary Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

All investments are stated at fair value which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

Capital Assets: The District's policy is to capitalize all disbursements for equipment in excess of \$5,000. Property and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. The District's assets have the following estimated useful lives:

C. Assets, Liabilities, and Net Position or Equity, Other Matters (Continued)

Equipment	10-20 years
Buildings	20-39 years
Water System	31.5 year

Inventory: The District maintains an inventory of pipe and other items for resale. All inventories are valued at cost using the first in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased.

Receivables and Payables: Accounts receivable reported in the Statement of Net position are amounts owed by its customers for water service. However, the District doesn't track and record receivables on its books and continues to record customer revenues on a cash basis.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies (Continued)

Intangible Assets: Under ASC 350, *Intangibles - Goodwill and Other*, intangible assets with indefinite lives are no longer amortized. Indefinite lived intangible assets are tested for impairment on an annual basis. There were no intangible assets at year-end.

Compensated Absences: The District does not pay any amounts for unused leave upon termination.

Long-term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Pensions – Deferred Inflows and Deferred Outflows or Resources: 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.

Net Position: The proprietary funds utilize a net position presentation. Net position reported represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is reported in three categories:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted Net Position: Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position: All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

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.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: The District grants credit without collateral to its customers for its services, but the customers are subject to service termination if the receivables are not settled within a specified time frame.

Grants and Contributions: The District receives grants as well as contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Analysis of Impairments: Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2023

Operating and Non-operating Revenues: Revenues are classified as operating or non-operating according to the following criteria:

Operating revenue - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

Non-operating revenues - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

Operating and Non-operating Expenditures: Expenditures are classified as operating or non-operating according to the following criteria:

Operating expenditures - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to District capital assets.

Non-operating expenditures - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 Summary of Significant Accounting Policies (Continued)

OPEB: The District has elected not to participate in New Mexico Retiree Health Care Act. Therefore, the District has elected not to implement the following GASB statements:

- GASB Statement No. 75 -*Accounting and Financial Reporting/or Postemployment Benefits other than Pensions.*

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any preceding years. A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule covers the officials and certain employees of the District.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

A budget is prepared by management and approved by the Board of Supervisors and the State Department of Finance and Administration. This budget is prepared on the Non-GAAP cash basis, excluding encumbrances, and secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Supervisors approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from State Department of Finance and Administration.

1. Prior to January 1, the management submits to the Board of Supervisors a proposed operating budget of the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them and has been approved by the State Department and Finance Administration.
2. Prior to January 1, the budget is approved or adjusted and approved by the Board of Supervisors.
3. Prior to January 1, 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 approved budget.
4. Formal budgetary integration is employed as a management control device during the year.

The board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a governmental agency from exceeding an individual line item.

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Income Taxes: The District, is exempt from Federal income taxes under the provisions of section 501(a) of the Internal Revenue Code as an entity described in section 501(c)(3). Therefore, no provision for income taxes has been made.

NOTE 3 Cash and Cash Equivalents

During the fiscal year, the District had one account held with a local financial institution. At June 30, 2023, the District had cash and cash equivalents on deposit in a demand deposit account and an interest-bearing savings account. Following is a schedule as of June 30, 2023, of the cash and cash equivalents.

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Unreconciled Differences	Book Balance
Bank of the West						
Operational	Checking	609,662	-	30,295	-	579,367
Total Bank of the West		609,662	-	30,295	-	
Total Cash						579,367

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of the District’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (District’s) name.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 Cash and Cash Equivalents (Continued)

At June 30, 2023, the District's total carrying balance of \$359,662 was exposed to custodial credit risk.

	<u>Bank of the West</u>
Total amounts of deposits	\$ 609,662
FDIC coverage	<u>250,000</u>
Total uninsured public funds	<u>359,662</u>
Collateral requirement (50% of uninsured public funds)	179,831
Pledged security	<u>426,747</u>
Total over (under) collateralized	<u>\$ 246,916</u>

NOTE 4 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2023 follows.

	<u>June, 30 2022</u>	<u>Additions</u>	<u>Delections</u>	<u>June 30, 2023</u>
Capital assets used in governmental activities:				
Capital assets being depreciated:				
Vehicles	8,000	-	-	8,000
Furniture, fixtures, and equipment	<u>15,135</u>	-	1,136	<u>13,999</u>
Total capital assets being depreciated	<u>23,135</u>	<u>-</u>	<u>1,136</u>	<u>21,999</u>
Less accumulated depreciation:				
Depreciation of assets	<u>23,135</u>	-	1,136	<u>21,999</u>
Total accumulated depreciation	<u>23,135</u>	<u>-</u>	<u>1,136</u>	<u>21,999</u>
Total capital assets, net of depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At June 20, 2023 the District reported \$-0 in depreciation expense which is reported as a separate line item in the expenses.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 Liabilities

Changes in long term debt - During the year ended June 30, 2023 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated Absences					
Accrued Paid Time Office	975	4,012	574	4,413	-
Total	\$ 975	\$ 4,012	\$ 574	\$ 4,413	\$ -

The liability of compensated absences is liquidated with resources from the unrestricted net position.

NOTE 6 Workman’s Compensation

Every employee of the District is covered by workman's compensation insurance as provided by state law. The District pays the entire insurance cost. Any employee who is injured or becomes ill from a cause arising in the course of his/her employment is eligible for benefits under workman's compensation in accordance with state workman's compensation law. Such illness or injury must be reported to the supervisor or general manager immediately.

NOTE 7 Employee Retirement Plan

For purposes of measuring the net pension liability, deferred outflows and 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 the New Mexico Public Employees Retirement Plan (Plan), 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.

Plan description.

Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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 (10-11A-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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

Benefits Provided – Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 5 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions – See PERA's annual comprehensive financial report for Contribution provided description.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

PERA Fund Contribution Rates and Pension Factors in effect during FY22						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	9.92%	18.24%	3%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
"Municipal Plan 1 (plan open to new employers)"	7.0%	8.50%	7.65%	2.0%	2.0%	90%
"Municipal Plan 2 (plan open to new employers)"	9.15%	10.65%	9.80%	2.5%	2.0%	90%
"Municipal Plan 3 (plan closed to new employers 6/95)*"	13.15%	14.65%	9.80%	3.0%	2.5%	90%
"Municipal Plan 4 (plan closed to new employers 6/00)*"	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.50%	10.65%	2.0%	2.0%	90%
Municipal Police Plan 2	7.00%	8.50%	15.65%	2.5%	2.0%	90%
Municipal Police Plan 3	7.00%	8.50%	19.15%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.15%	3.0%	2.5%	90%
Municipal Police Plan 5	16.30%	17.80%	19.15%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	11.00%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.00%	11.00%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.00%	11.00%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.80%	15.80%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.20%	19.20%	21.90%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.30%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.5%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	9.92%	18.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	7.28%	27.37%	3.0%	3.0%	90%

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2023, the District reported a liability of \$194,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the District's proportion was 0.01098%, which was an increase of 0.00020% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$38,373. At, June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 781	\$ 4,736
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	19,274	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,403	5,499
Employer contributions subsequent to the measurement date	<u>14,648</u>	<u>-</u>
Total	<u>\$ 76,106</u>	<u>\$ 10,235</u>

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

\$14,648 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2024	\$ 22,005
2025	20,117
2026	(6,117)
2027	(15,218)
2028	-
Total	<u>\$ 20,787</u>

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND	
Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll for all divisions except for the Legislative division which is Level Dollar
Amortization Period	25 years
Actuarial Assumptions:	
Investment Rate of Return	7.25% annual rate
Projected Salary increases	3.25% to 13.50% annual rate
Includes Inflation at	2.50%
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generational. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50%	1.90%
Credit Oriented Fixed Income	15.00%	4.45%
Real Assets to include Real Estate Equity	20.00%	5.10%
Multi-Risk Allocation	10.00%	6.65%
TOTAL	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 Employee Retirement Plan (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the *District's* proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the *District's* proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1- percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 294,703	\$ 194,753	\$ 111,721

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports.

NOTE 8 Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

NOTE 9 Recent GASB Pronouncements

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The statement is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. There are no contract agreements that fall under the provisions for GASB 96.

In April 2022, the GASB issued Statement No. 99, OMNIBUS 2022. The objectives of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62. The objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 Recent GASB Pronouncements (Continued)

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 10 Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the 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.

NOTE 11 Subsequent Events

A review of subsequent events through December 13, 2023 which is the date the financial statements were available to be issued, indicated one item of audit significance.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 SCHEDULE OF THE CIUDAD SOIL & WATER CONSERVATION DISTRICT'S
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEE RETIREMENT ASSOCIATION
 LAST 10 FISCAL YEARS**

	2023*	2022	2021	2020	2019
District's proportion of the net pension liability	0.01098%	0.01078%	0.00540%	0.00710%	0.00580%
District's proportionate share of the net pension liability	\$ 194,753	\$ 121,410	\$ 109,200	\$ 122,908	\$ 92,474
District's covered payroll	\$ 186,702	\$ 136,818	\$ 126,778	\$ 62,817	\$ 69,173
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.31%	88.74%	86.13%	195.66%	133.69%
Plan fiduciary net position as a percentage of the total pension liability	69.35%	69.77%	39.11%	64.13%	52.17%
	2018	2017	2016	2015	
District's proportion of the net pension liability	0.00320%	0.00200%	0.00270%	0.00540%	
District's proportionate share of the net pension liability	\$ 43,970	\$ 31,953	\$ 27,529	\$ 42,126	
District's covered payroll	\$ 65,374	\$ 28,245	\$ 22,650	\$ 29,750	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.26%	113.13%	121.54%	141.60%	
Plan fiduciary net position as a percentage of the total pension liability	61.58%	61.58%	63.97%	66.54%	

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the statement's requirements became effective.

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 SCHEDULE OF THE CIUDAD SOIL & WATER CONSERVATION DISTRICT'S
 CONTRIBUTIONS TO THE PUBLIC EMPLOYEE RETIREMENT ASSOCIATION
 LAST 10 FISCAL YEARS**

	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutory required contributions	15,216	10,467	9,956	6,181	4,636
Contribution in relations to the statutorily required contributions	(15,216)	(10,467)	(9,956)	(6,181)	(4,636)
Annual contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	186,702	136,818	126,778	62,817	69,173
District as a percentage of covered-employee payroll	8.15%	7.65%	7.85%	9.84%	6.70%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Statutory required contributions	2,674	1,618	2,166	3,979	
District in relations to the statutorily required contributions	(2,674)	(1,618)	(2,166)	(3,979)	
Annual contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
District's covered-employee payroll	65,374	28,245	22,650	29,750	
Contribution as a percentage of covered-employee payroll	4.09%	5.73%	9.56%	13.37%	

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented: however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the statement's requirements because effective.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
NOTES TO SCHEDULES OF THE PUBLIC EMPLOYEE RETIRMENT
ASSOCIATION'S PLAN INFORMATION
JUNE 30, 2023**

Changes in Benefit Terms – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA ACFR, which is available at:

<https://www.nmpera.org/financial-overview/>.

Changes of Assumptions - The Public Employees Retirement Association of New Mexico Annual Actuarial Valuation as of June 30, 2022 report is available at:

<http://www.nmpera.org>.

OTHER SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2023**

	Bank of the West Non-Interest Bearing	Total
Cash on deposit at 6/30/23		
Cash on deposit	\$ 609,662	\$ 609,662
Less FDIC Coverage	(250,000)	(250,000)
Uninsured funds	359,662	359,662
Amount requiring pledged collateral:		
50% collateral requirement	179,831	179,831
Pledged collateral	426,747	426,747
Excess of pledged collateral	246,916	246,916

Pledged collateral of financial institutions consist of the following:

	<u>CUSIP #</u>	<u>Maturity Date</u>		
<u>Bank of the West</u>				
GN 2118A AD FIX	38382G5Q1	1/20/2051	\$	326,957
G2SF MA4718 3.000 9/20/47	36179TG33	9/20/2047		99,790
				426,747

The above listed securities are held at Bank of the West

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Operating	Checking - Non-Interest Bearing	Bank of the West	\$ 609,662
			\$ 609,662
		Cash and cash equivalents	\$ 579,367
			\$ 579,367
		Adjustments to cash:	\$
		Bank balance	609,662
		Less the investment CDs	-
		Cash on hand	-
		Reconciling items	(28,746)
		Total adjusted cash	\$ 580,916

**Report on Internal Control and 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. Joseph M. Maestas, P.E.
New Mexico State Auditor
Santa Fe, New Mexico
and
District Members
Albuquerque, New Mexico

We have audited in accordance with the auditing standard 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, major fund, and the respective budgetary comparison for the general fund of the State of New Mexico, Ciudad Soil & Water Conservation District (District) as of and for the year ended June 30, 2023 and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2023.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a 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.

Our consideration of internal control over financial reporting 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 weakness or significant and therefore material weakness 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results 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.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC
Albuquerque, NM
December 13, 2023

**STATE OF NEW MEXICO
 CIUDAD SOIL & WATER CONSERVATION DISTRICT
 SUMMARY OF AUDIT RESULTS
 JUNE 30, 2023**

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?		X	-
Significant deficiency(ies) identified?		X	-
Noncompliance material to financial statements noted?		X	-

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISCTRICT
PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023**

Prior Year Finding
None

Status of Finding

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023**

No current year findings.

**STATE OF NEW MEXICO
CIUDAD SOIL & WATER CONSERVATION DISTRICT
EXIT CONFERENCE
JUNE 30, 2023**

The contents of this report were discussed at an exit conference on December 14, 2023. Those attending were as follows:

Ciudad Soil & Water Conservation District

Steve Glass, Chair
Daniel Conklin, Supervisor
Astrid Hueglin, Fiscal Admin

Baldwin Accounting & Consulting, LLC

Lee Baldwin, CPA, CFE, CGFM Director

Preparation of Financial Statements

The financial statements in this report were prepared substantially by the Independent Audit firm of Baldwin Accounting & Consulting, LLC with the assistance of the District's management.