

STATE OF NEW MEXICO
CLAUNCH-PINTO
SOIL AND WATER CONSERVATION DISTRICT
FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2015
(With Independent Auditor's Report Thereon)

Dan Austin CPA, PC
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State of New Mexico
Claunch-Pinto Soil and Water Conservation District
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June 30, 2015

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Introductory Section

**State of New Mexico
Claunch-Pinto Soil and Water Conservation District
Official Roster
June 30, 2015**

Board of Supervisors

Position

Felipe Lovato

Chairperson

William Caster

Vice-Chairperson

Jerry Melaragno

Secretary/Treasurer

J. Brian Green

Supervisor

LeRoy Candelaria

Supervisor

Richard Shovelin

Supervisor

Dan Williams

Supervisor

District Personnel

Dierdre Tarr

District Manager

Vernon Kohler

Technician

Financial Section

Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345

Independent Auditor's Report

Tim Keller, New Mexico State Auditor
Chairperson, Members of the Board of Supervisors
Claunch-Pinto Soil & Water Conservation District
Mountainair, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the government activities, the general fund and the respective budgetary comparison of the Claunch-Pinto Soil and Water Conservation District as of and for the year ended June 30, 2015, which collectively comprise District's basic financial statements as listed in the table of contents. We did not audit the Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the District. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 evaluating 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the general fund, the budgetary comparison for the general fund of the Claunch-Pinto Soil and Water Conservation District as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

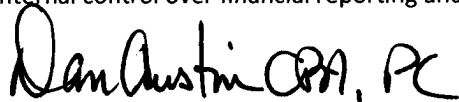
Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes 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 were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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 taken as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of 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 a report dated December 4, 2015 on my consideration of Claunch-Pinto Soil and Water Conservation District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Claunch-Pinto Soil and Water Conservation District's internal control over financial reporting and compliance.



December 4, 2015

**STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 182,149
Receivables-Grants and Other	406
Capital assets, Net	<u>1,246,704</u>
Total assets	<u>1,429,259</u>
Deferred Outflows	
Related to Pensions	<u>5,351</u>
Total Assets and Deferred Outflows	<u><u>\$ 1,434,610</u></u>
Liabilities	
Accounts payable	3,220
Debt Due within one year	71,297
Pensions Payable	54,674
Debt Due in more than one year	<u>650,424</u>
Total liabilities	<u>779,615</u>
Net Position	
Net Investment in capital assets	823,930
Restricted for debt service	37,687
Unrestricted	<u>(227,894)</u>
Total net position	<u>633,723</u>
Deferred Inflows	
Related to Pensions	<u>21,272</u>
Total Liabilities, Net Position and Deferred Inflows	<u><u>\$ 1,434,610</u></u>

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

**STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Governmental Activities</u>
Program Expenses:	
Administration	\$ 313,746
Conservation	<u>1,341,465</u>
Total program expenses	<u>1,655,211</u>
Program Revenues:	
Charges for services	65,001
Federal operating grants and contracts	171,679
State operating grants and contracts	1,156,089
Reimbursements	32,521
Rental Income	127,451
Other Revenue	<u>68,362</u>
Total program revenues	<u>1,621,103</u>
Net program (expense) revenue	<u>(34,108)</u>
General Revenues:	
State appropriation	14,741
Property taxes	64,025
Interest	<u>285</u>
Total general revenues	<u>79,051</u>
Change in net position	44,943
Net position at beginning of year, as previously stated	661,444
Restatement	<u>(72,664)</u>
Net position at beginning of year, restated	<u>588,780</u>
Net position at end of year	<u><u>\$ 633,723</u></u>

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

STATE OF NEW MEXICO
 CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2015

	General Fund
Assets	
Cash and cash equivalents	\$ 182,149
Receivables	406
Total assets	\$ 182,555
Liabilities and fund balance	
Liabilities:	
Accounts Payable	\$ 3,220
Deferred Income	-
Total liabilities	3,220
Fund balance:	
Restricted of Debt Service	37,687
Unassigned	141,648
Total fund balance	179,335
Total liabilities and fund balance	\$ 182,555

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

**STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS-
TO THE STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Net Assets are different
are different from the way they are reported in the Balance Sheet - Governmental Funds
as follows:

Fund Balance - Balance Sheet	\$	179,335
Capital assets, net of accumulated depreciation		1,246,704
Deferred Outflows relating to pensions		5,351
Deferred Inflows relating to pensions		(21,272)
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Long-term debt	\$	(2,868)
Pensions Payable		(54,674)
Compensated absences		<u>(718,853)</u>
		<u>(776,395)</u>
Net Position - Statement of Net Position	\$	<u><u>633,723</u></u>

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

STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund
Revenues	
State Appropriation-NMDA	14,741
Mill levy	64,025
Technical Fees and Grant Administration	65,001
Interest Income	285
Reimbursements	32,521
Grant Revenues-Federal	171,679
Grant Revenues-State	1,156,089
Rental Income	127,451
Other Revenues	68,362
Total revenues	1,700,154
Expenditures	
Conservation:	
Current:	
Personnel Services	173,719
Legal Advertisements	2,255
Dues	500
Postage	1,435
Education	6,074
Mileage and Per Diem	17,894
Supplies and Administration	6,367
Special Projects	1,880
Audit and Professional	19,596
Insurance	7,002
Building Maintenance	12,471
Equipment Maintenance	3,859
Utilities and Phone	9,843
Vehicle Operations	21,388
Grant Expense-Federal	163,138
Grant Expense-State	1,178,027
Non-current	
Debt Service-Principal	58,214
Debt Service-Interest	5,372
Capital Outlay	52,807
Total expenditures	1,741,841
Excess (Deficiency) of Revenues Over Expenditures	(41,687)
Other Financing Sources(Uses)	
Other	-
Total Other Financing Sources(Uses)	-
Net Change in Fund Balance	(41,687)
Fund balance beginning of year as reported	221,022
Fund balance end of year	\$ 179,335

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

**STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

RECONCILIATION OF THE STATEMENT OF ACTIVITIES TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES:

Net change in fund balance - Governmental Funds	\$ (41,687)
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Amounts reported in the Statement of Activities are different because:

Net Changes in in Deferred Inflows and Outflows relating to pension costs	2,069
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Principal reduction in long-term debt recorded as an expenditure in the governmental funds.	58,214
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In the Statement of Activities, compensated absences are measured by the amounts earned during the year. However, in the governmental funds, expenditures for these items are measured by the amount of financial resources used (actually paid). The increase for the liability not recorded in the balance sheet is:

Compensated Absences	6,709
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful life of the asset and reported as depreciation expense as follows:

Capital Outlay	\$ 52,807	
Depreciation expense	<u>(33,169)</u>	<u>19,638</u>

Change in net position - Statement of Activities	\$ <u>44,943</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State Appropriation	\$ 14,000	\$ 14,000	\$ 14,741	\$ 741
Mill levy	60,016	60,016	64,473	4,457
Building Rents	52,696	52,696	127,451	74,755
Technical Fees and Grant Administration	65,000	65,000	65,001	1
Interest income	50	50	285	235
NMFA Grants	30,000	30,000	30,000	-
Grant Revenues-Federal	766,335	766,335	171,679	(594,656)
Grant Revenues-State	2,410,860	2,410,860	1,126,089	(1,284,771)
Other Grants	50,000	50,000	50,000	-
Equipment Rental	15,000	15,000	12,412	(2,588)
Product Sales	1,100	1,100	2,010	910
Reimbursements	117,450	117,450	32,521	(84,929)
Miscellaneous	-	-	3,940	3,940
Total revenues	<u>3,582,507</u>	<u>3,582,507</u>	<u>1,700,602</u>	<u>(1,881,905)</u>
Expenditures				
Current:				
Personnel Services	90,404	90,404	173,719	(83,315)
Legal Advertisements	7,400	7,400	2,225	5,175
Dues	1,200	1,200	500	700
Education	8,970	8,970	6,074	2,896
Office	4,500	4,500	5,593	(1,093)
Postage	1,200	1,200	1,435	(235)
Newsletter and Meetings	-	-	774	(774)
Mileage and Per Diem	16,800	16,800	16,724	76
Legal	5,000	5,000	2,107	2,893
Audit and Professional	17,489	17,489	17,489	-
Equipment Maintenance	6,000	6,000	3,859	2,141
Building Maintenance	6,000	6,000	11,946	(5,946)
Insurance	16,135	16,135	7,002	9,133
Vehicle Expense	21,500	21,500	21,492	8
Utilities and Telephone	9,300	9,300	9,620	(320)
Special Projects	-	-	1,880	(1,880)
Capital Outlay-Building	50,000	50,000	52,807	(2,807)
Grant Expense-Federal	766,335	766,335	163,138	603,197
Grant Expense-State	2,410,860	2,410,860	1,178,027	1,232,833
Debt Service	63,196	63,196	63,586	(390)
Total expenditures	<u>3,502,289</u>	<u>3,502,289</u>	<u>1,739,997</u>	<u>\$ 1,762,292</u>
Excess (Deficiency) of Revenues over Expenditures	80,218	80,218	(39,395)	
Cash Balance, Beginning	221,554	221,554	221,544	
Cash Balance, Ending	<u>\$ 301,772</u>	<u>\$ 301,772</u>	<u>\$ 182,149</u>	
Reconcilement to GAAP Basis:				
Excess (Deficiency) of Revenues over Expenditures Budgetary Cash Basis			\$ (39,395)	
Net Change Receivables			(448)	
Net Change Accounts Payable			(1,844)	
Net Change in Fund Balance (GAAP) Basis			<u>\$ (41,687)</u>	

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

STATE OF NEW MEXICO
CLAUNCH-PINTO SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Summary of Significant Accounting Policies

A. Reporting Entity

The Claunch-Pinto 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 a minimum 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 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 financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The District, a phase three government, was required to implement GASB Statement 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* in fiscal year 2004. 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 position) 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 business-type activities; however it does apply applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

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. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Grants are recognized as revenues when all applicable eligibility requirements imposed by the provider are met. Expenditures are generally 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, if any, are recorded only when payment is due.

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.

The special revenue funds are utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. No special revenue funds are utilized as of June 30, 2015

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 interfund activity, if applicable, has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided such as grant administration fees and interest charged to land owners on loans for conservation projects, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment such as the Bureau of Reclamation (BOR) grant, Bureau of Land Management (BLM) grants, and various state and federal grants. Internally designated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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, and Net Position or Fund Balance

1. Cash, cash equivalent and 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.

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. All amounts are expected to be repaid within one year.

The loans receivable balance is considered fully collectible therefore no allowance for uncollectible accounts had been established.

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 Torrance County Treasurer and are remitted to the District in the month following collection.

The District's accounts payable consist of amounts due to vendors and service providers such as subcontractors who have worked on conservation projects for the products purchased and service received in the current year but are paid for in the next fiscal year.

3. Fund Balance

In accordance with GASB Statement No. 54, fund balances are classified as non-spendable, restricted, committed, assigned or unassigned.

Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Supervisors should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Supervisors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2015.

Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Supervisors or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2015.

Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by followed by assigned and unassigned resources as they are needed.

4. *Net Position*

Net position is presented on the statement of net position and may be presented in any of three components.

Invested in capital assets, net of related debt

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

Restricted net position

Net position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by 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.

Unrestricted net position

Unrestricted net position consists of net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted."

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.

5. *Capital Assets*

Capital assets which include property and equipment (including software), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by state law as assets with an initial cost of \$5,000 and an estimated useful life of more than one year. The total amounts spent for construction, if any, are capitalized and reported in the government-wide financial statements. For donations, the government values these capital assets at the estimated fair value of the item at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings	39 years
Vehicles	5 years
Office Equipment	5 years
Light Equipment	10 years
Computer Equipment	5 years

The net investment in capital assets reported in the statement of net position is the amount equal to capital assets less related debt.

6. *Compensated Absences*

It is the District's policy to permit certain employees excluding the Program Director to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A current liability for these amounts is reported in the governmental funds only if they are due and payable at year end, for example, as a result of resignations and retirements. According to District policy, employees accrue leave at six hours per month not to exceed 160 hours.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are expensed in the period incurred. Bonds payable are reported net of the applicable bond premium or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

8. Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in financial statements to include deferred outflow of resources which is the consumption of net assets by the government that is applicable to future reporting periods and deferred inflow of resources which is acquisition of net assets by the government that is applicable to future reporting periods.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Stewardship, Compliance and Accountability

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:

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.

The Board reviews the budget proposal and makes any necessary adjustments.

Prior to June 1, the Board approves the budget by passing a resolution.

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.

Detailed Notes on all Funds

A. Cash

As of June 30, 2015, the District had a carrying amount of deposits as authorized by the New Mexico Constitution of \$182,124. The balances on deposit as of June 30, 2015 were \$182,124. The difference between the carrying amount and the bank balance of deposits is due to outstanding checks of \$85,931 and deposits of \$73,614. There were no uninsured deposits as of June 30, 2015.

The total cash consisted of the following:

Depository	Account Type	Fund Type	Balance Per Depository	Reconciling Items		Balance Per Financial Statements
				Outstanding Checks	Deposits	
My-Bank-Operating	Checking	Operating	\$ 71,997	\$ (32,599)	\$ -	39,398
My-Bank-Water Trust	Checking	Operating	3,706	(53,332)	73,614	23,988
My-Bank-Debt Service	Checking	Operating	68,150	-	-	68,150
My-Bank-Grants	Checking	Operating	5,732	-	-	5,732
NMFA Mellon-Debt Reserve	Checking	Operating	8,896	-	-	8,896
NMFA -Debt Service	Checking	Operating	2,884	-	-	2,884
NMST-Investment	Checking	Operating	7,170	-	-	7,170
NMFA-Debt Reserve	Checking	Operating	3,778	-	-	3,778
NMFA -Debt Service	Checking	Operating	22,128	-	-	22,128
Total cash on deposit			\$ 194,441	\$ (85,931)	\$ 73,614	\$ 182,124
Petty Cash						25
Total Cash						\$ 182,149

The following is a summary of depository pledging requirements by the District's depository banks:

Collateral	Cusip	Rate	Maturity	Par	Market Value
Grants Co Gen Rev.	388240EQ2	3.40%	11/15/2016	\$ 75,000	\$ 77,808
Logan NM School	541066BM7	3.00%	4/15/2018	\$ 45,000	46,532
Total FMV of Collateral					124,340
Total Deposits					\$ 194,441
Less: FDIC Insurance					(194,441)
Uninsured Deposits					-
Required Pledge					50%
Pledge Over (Short)					Pledge Over (Short) \$ 124,340

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The Authority does not have deposit policy for custodial credit risk. As of June 30, 2015, the District had no custodial credit risk.

The District has cash in the amount of \$7,158 invested in the State Treasurer Local Government Investment Pool. The Local Government Investment Pool includes the following disclosures:

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The District has adopted an Investment Policy that addresses investment interest rate and credit risks by specifying suitable and authorized investments, defining investment diversification and maturity parameters, and requiring collateralization of investments held at financial institutions. The District's investments at June 30, 2015 consisted of two accounts in the New Mexico State Treasurer's Local Government Investment Pool (the Pool), which are stated at fair value. The District's investments at June 30, 2015 consisted of two accounts in the New Mexico State Treasurer's Local Government Investment Pool (the Pool), which are stated at fair value (\$7,166), based on quoted market prices as of June 30, 2015.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the Pool is voluntary. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in the Pool is subject to credit risk. The Pool is rated AAAM, by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The prices of securities fluctuate with market interest rates and securities held in a portfolio will decline if market interest rates rise. The Pool's weighted average maturity (WAM) is the key determinant of the tolerance of the investments to rising interest rates. In general, the longer the WAM, the more susceptible the investments are to rising interest rates. At June 30, 2015, the Pool's WAM is 60 days and its rating was AAAM. In accordance with its investment policy, the District, when applicable, manages its exposure to declines in fair values on certificates of deposit by limiting investments to maturities no longer than one year from the date of purchase.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At June 30, 2015, the Pool investments were all in U.S. dollar denominated assets, and as such were not subject to foreign currency risk.

B. Capital Assets

Land	\$ 211,888	\$ -	\$ -	\$ 211,888
Buildings	973,924	52,807	-	1,026,731
Office and computer equipment	9,433	-	-	9,433
Vehicles and Equipment	98,811	-	-	98,811
Total capital assets being depreciated	1,294,056	52,807	-	1,346,863
Less accumulated depreciation for:				
Buildings	2,081	25,198	-	27,279
Vehicles and Equipment	55,476	7,971	-	63,447
Office and computer equipment	9,433	-	-	9,433
Total accumulated depreciation	66,990	33,169	-	100,159
Total capital assets being depreciated, net	\$ 1,227,066	\$ 19,638	\$ -	\$ 1,246,704

Depreciation recorded in the government wide financial statements was \$33,169.

C. Long-Term Debt

The District has entered into loan agreements to fund various needs of the District. Long-term obligations of the District are as follows:

	Rate	Maturity	Balance 6/30/14	Additions	(Reductions)	Balance 6/30/15	Due One Year
NMFA - WTB #5	0.00%	6/30/2018	\$ 39,000	\$ -	\$ (3,000)	\$ 36,000	\$ 6,000
NMFA - WTB #6	0.00%	5/1/2028	133,792	-	(9,402)	124,390	9,450
NMFA - WTB #7	0.00%	6/1/2018	85,171	-	(5,985)	79,186	6,500
NMFA - WTB #8	0.00%	6/1/2017	25,572	-	(6,369)	19,203	12,818
NMFA - WTB #9	0.00%	6/1/2020	36,179	-	(5,992)	30,187	6,007
NMFA - WTB #10	0.25%	6/1/2021	37,941	-	(5,380)	32,561	5,393
NMFA - WTB #11	0.00%	6/1/2021	31,617	-	(4,483)	27,134	4,494
NMFA - WTB#15	.45 to 3.08%	5/1/2033	387,795	-	(17,603)	370,192	17,767
Compensated Absence			9,577	2,400	(9,109)	2,868	2,868
Total Long-Term Obligations			\$ 786,644	\$ 2,400	\$ (67,323)	\$ 721,721	\$ 71,297

The annual requirement to amortize principal on all debt outstanding as of June 30, 2015, is as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 71,297	\$ 4,013	\$ 75,310
2017	85,981	3,781	89,762
2018	34,001	3,499	37,500
2019	121,367	289	121,656
2020	92,723	2,648	95,371
2020-2024	141,086	5,652	146,738
2025-2029	109,374	-	109,374
2030-2033	65,892	-	65,892
	\$ 721,721	\$ 19,882	\$ 741,603

D. Employee Retirement Benefits

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.

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.

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_PublicEmployeesRetirementAssociation2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Claunch-Pinto 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_PublicEmployeesRetirementAssociation2014.pdf. The PERA coverage options that apply to Claunch-Pinto Soil and Water Conservation District are State General. Statutorily required contributions to the pension plan from the Claunch-Pinto Soil and Water Conservation District were \$5,314 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 (name of employee's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's 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 population. 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 Claunch-Pinto Soil and Water Conservation District reported a liability of \$54,674 for its proportionate share of the net pension liability. At June 30, 2014, the Claunch-Pinto Soil and Water Conservation District's proportion was .0588 %, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Claunch-Pinto Soil and Water Conservation District recognized PERA Fund Division State General pension expense of \$ 5,315. At June 30, 2015, the Claunch-Pinto Soil and Water Conservation District reported PERA Fund Division-State General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Change of assumptions	\$ -	\$ 36
Net Difference between projected and actual earnings on pension investments	-	21,059
Changes in proportion and differences between Claunch Pinto SWCD contributions and proportionate share of Contributions	-	177
Claunch-Pinto SWCD contributions subsequent to the measurement date	5,351	-
Total	\$ 5,351	\$ 21,272

\$5,351, reported as deferred outflows of resources related to pensions resulting from Claunch-Pinto 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	\$ 5,274
2017	5,274
2018	5,274
2018	5,274
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.

Actuarial valuation date	30-Jun-13
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage pay
Amortization period	Solved for based on statutory reates
Asset Valuation method	Fair Valeu
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of expense
Payroll growth	3.50% annual rate
Projected salary increases	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 of arithmetic real rates of return for each major asset class are summarized in the following table:

All Funds - Asset Class	Long-term Expected	
	Target Allocation	Real Rate of Return
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	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	<u>100.0%</u>	

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 Claunch-Pinto 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 Claunch-Pinto Soil and Water Conservation District's employee's net pension liability in each PERA Fund Division that Claunch-Pinto Soil and Water Conservation 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
6.75%	<u>Rate 7.75%</u>	<u>8.75%</u>
\$ 101,477	\$ 53,847	\$ 17,016

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>.

E. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Authority has elected not to participate in the program. Information on the Retiree Health Care Act can be obtained at the Retiree Health Care, 4308 Carlisle Blvd. NE Ste 104, Albuquerque, NM 87109.

F. 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 \$1,050,000 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 \$100,000 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.

G. Joint Powers Agreements

The District entered into a joint powers agreement with New Mexico Energy, Minerals and Natural Resources Department pursuant to NMSA 1978 Section 68-2-1 to 68-2-33 to protect forests and providing forest management, technical assistance in forest health and wild land urban interface and hazardous fuels reduction pursuant to the Soil and Water Conservation District Act, NMSA 1978 Section 75-20-25.

H. 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.

I. Subsequent Accounting Standards Pronouncements

Other accounting standards that Claunch-Pinto Soil And Water Conservation District is currently reviewing for applicability and potential impact on the financial statements include:

GASB 72, Fair Value Measurement and Application, This Statement addresses accounting and financial reporting issues related to fair value measurements. This definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.

GASB 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.

GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPKB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by 1 employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPKB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPKB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPKB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPFB also are addressed. this Statement will be effective for the year ended June 30, 2018.

GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pension funding, as discussed in Note C pm page 21.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has two types of items, one of which arises under the full accrual basis of accounting and both of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources"

The District has no Deferred Outflows or Inflows other than those in relation to pension plans.

K. EQUITY RESTATEMENT

The District restated its prior year Net position to record unrecorded pension liabilities in the amount \$77,802.

Supplemental Information

Prepared by Agency Staff Name: Dierdre L Tarr Title: District Manager Date 11/20/2015

[illegible]

State of New Mexico
Claunch-Pinto Soil and Water Conservation District
Schedule of the Proportionate Share of the Net Pension Liability
Of Fund Division – State General
Public Employees Retirement Association (PERA) Plan
June 30, 2015

		<u>2015</u>
Claunch-Pinto SWCD's Est portion of net pension liability (asset)		0.00690%
Claunch-Pinto SWCD proportionate share of the net pension liability (asset)	\$	54,674
Claunch-Pinto SWCD's covered-employee payroll	\$	71,825
Claunch-Pinto SWCD's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		76%
Plan fiduciary net position as a percentage of total pension liability		81.29%

** 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 Claunch-Pinto SWCD will present information for those years for information which is available.

State of New Mexico
Claunch-Pinto Soil and Water Conservation District
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division – State General
June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 5,315
Contributions in relation to the contractually required contribution	<u>(5,315)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Upper Hondo SWCD covered-employee payroll	\$ 71,825
Contributions as a percentage of covered payroll	7.47%

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

State of New Mexico
Claunh-Pinto 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 Valuation s 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.

**Dan Austin CPA, PC
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Ruidoso, NM 88345**

**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 AUDITORS' REPORT

Tim Keller, New Mexico State Auditor
Chairperson, Members of the Board of Supervisors
Claunch-Pinto Soil & Water Conservation District

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 comparison for the general fund of Claunch-Pinto Soil and Water Conservation District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Claunch-Pinto Soil and Water Conservation District's basic financial statements and have issued our report thereon dated December 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Claunch-Pinto Soil and Water Conservation 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Claunch-Pinto Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Claunch-Pinto 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Claunch-Pinto Soil and Water Conservation 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 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 and therefore, 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.

Compliance and other matters

As part of obtaining reasonable assurance about whether Claunch-Pinto 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.

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 Claunch-Pinto Soil and Water Conservation 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 4, 2015

State of New Mexico
Claunch-Pinto Soil and Water Conservation District
Schedule of Audit Findings, Recommendations, Responses and Other Disclosures
June 30, 2015

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting

Material weakness identified? No

Significant deficiencies identified not considered

To be material weakness? No

Compliance and Other Matters

Noncompliance material to the financial statements noted? No

RESOLUTION OF PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

None

FINANCIAL STATEMENT PREPARATION

Although it would be preferred 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 has prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report, however, the responsibility for the content of the report remains with District management.

EXIT CONFERENCE

On December 15, 2015, an exit conference was held at the District's administrative offices. Present were Felipe Lovato, Chairman, Jerry Melaragno, Secretary/Treasurer, Dierdre Tarr, District Manager, Dan Austin, CPA, representing the audit firm. The District financial condition and report for the year ended June 30, 2015, was discussed as well as other financial reporting considerations.