

**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
(TIER 6)**

**For the Fiscal Year  
Ended June 30, 2022**

**POJOAQUE VALLEY IRRIGATION DISTRICT**  
**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES –**  
**TIER 6**  
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**POJOAQUE VALLEY IRRIGATION DISTRICT  
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES –  
TIER 6  
OFFICIAL ROSTER AS OF JUNE 30, 2022**

Chairman  
Vice-Chairman  
Secretary-Treasurer

Dave Neal  
Meade Martin  
Rob Heineman

District Manager  
Office Manager  
Dam Tender

Ralph Manzanares  
Kathy Martinez  
William McCoy

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES -TIER 6**

Mr. Brian S. Colón, New Mexico State Auditor  
and Mr. Dave Neal, Chairman  
Pojoaque Valley Irrigation District  
Pojoaque, NM

We have performed the procedures enumerated below which were agreed to by Pojoaque Valley Irrigation District and the New Mexico State Auditor (the specified parties), solely to assist you with respect to the District's compliance for a Tier 6 engagement of the Audit Act (Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC) with respect to the District's cash and capital assets as of June 30, 2022 and the District's revenues, expenditures, and budget for the year ended June 30, 2022. The District's management is responsible for the District's accounting records and financial information. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. The procedures were agreed to by the District through the NM Office of the State Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The engaging party acknowledged that the procedures performed are appropriate to meet the purpose of the engagement. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

**Procedure to be Performed:**

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tier System Reporting Main Page."

**Results of Procedure 1:**

We verified the District's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tier System Reporting Main Page" and it was determined that the District falls under the Tier 6 reporting procedures because the District's revenue of \$253,247 was between \$250,000 and \$500,000, and the District did not receive or expend a state capital outlay appropriation.

**Procedure to be Performed:**

**2. Cash**

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on- hand.

**Results of Procedure 2(a):**

We determined that all bank reconciliations were performed. The bank reconciliations were performed in a timely manner. All bank statements and investment/savings statements were complete and on hand without exception. All monthly bank reconciliations for the operating account and the savings account were examined without exception.

**Procedure to be Performed:**

b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA- Local Government Division.

**Results of Procedure 2(b):**

We selected four months for review: September, and December of 2021, March, and June of 2022, which was 33% of the total bank reconciliations in FY21. We traced the ending balances to the general ledger for all bank statements reconciliations. We determined that the bank reconciliations were accurate. The District's quarterly DFA reports cash balance reconciled with the bank statements and general ledger cash balance.

**Procedure to be Performed:**

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

**Results of Procedure 2(c):**

We determined that all the bank accounts at no time exceeded the insured limits provided by the FDIC of \$250,000. We noted no exceptions.

**Procedure to be Performed:**

**3. Capital Assets**

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Results of Procedure 3:**

The District did not have any capital assets (movable chattels or equipment) that cost \$5,000 or more, no testing was performed in this area.

**Procedure to be Performed**

**4. Debt**

Identify if the local public body has any debt, verify that all required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

**Results of Procedure 4**

We verified that all required payments were made to the Bureau of Reclamation during FY22. The debt agreement did not require reserves.

**Procedure to be Performed:**

**5. Revenue**

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

**Results of Procedure 5(a):**

We performed an analytical review of the revenue. We noted no exceptions.

**Procedure to be Performed:**

Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

**Results of Procedure 5(b):**

We haphazardly selected a sample of 6 receipts (30% of total revenues) and we traced the amounts recorded to the supporting documentation including deposit books and to the bank statements. We noted no exceptions.

**Procedure to be Performed:**

- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

**Results of Procedure 5(b):**

We haphazardly selected a sample of 6 receipts (30% of total revenues). For each transaction tested, we verified the proper recording of classification, amount, and period per review of supporting documentation and the general ledger. We noted no exceptions.

**Procedure to be Performed:**

**6. Expenditures**

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date, and description agree to the vendor's invoice, purchase order, contract, and canceled check, as appropriate.

**Results of Procedure 6(a):**

We haphazardly selected a sample of 8 expenditures (30% of the total expenditures) and determined that the District had adequate documentation for disbursements. The District had adequate supporting documentation where the amount, payee, date and description agreed to the purchase order, contract, vendor's invoice and canceled check as appropriate. No exceptions were noted.

**Procedure to be Performed:**

- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

**Results of Procedure 6(b):**

We determined that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions were noted.

**Procedure to be Performed:**

- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Note: The sample must be representative of the population.

**Results of Procedure 6(c):**

No major projects requiring bidding were started or completed during this accounting period. No exceptions were noted.

**Procedure to be Performed:**

**7. Journal Entries**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.

**Results of Procedure 7(a):**

We obtained all journal entries made during the year to adjust and transfer water rights and assessments receivable. There were 4 manual journal entries for FY22. It appeared reasonable and had adequate supporting documentation.

**Procedure to be Performed:**

- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Results of Procedure 7(b):**

We verified, through reviewing each journal entry, that all journal entries were reviewed and initialed as being approved by a board member.

**Procedure to be Performed:****8. Budget**

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.

**Results of Procedure 8(a):**

We verified through review of minutes the original budget was approved by the District governing body and approved by DFA-LGD. No exceptions were noted.

**Procedure to be Performed:**

- b) Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

**Results of Procedure 8(b):**

We determined through comparing the Original/Final Budget to the Actual Expenditures that the District is in compliance with statutes by not over-expending at the fund level, which is the legal level of budgetary control. Total expenditures of the District of \$252,938 did not exceed budgeted expenditures of 252,938.

**Procedure to be Performed:**

- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

**Results of Procedure 8(b):**

See Attached Statement of Revenues and Expenses – Accrual Basis.



**Procedure to be Performed:**

**9. Capital Outlay Appropriations**

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the Tier 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b. Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e. Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h. Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

**Results of Procedure 9:**

We reviewed all relevant documentation and interviewed a Board member and staff regarding any state-funded capital outlay awards. The District received no capital outlay awards and had no such expenditures during FY22.

**Procedure to be Performed:**

**10. Other**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include all required content detailed in Section 2.2.2.10(L)(3) NMAC.

**Results of Procedure 10:**

The District has a negative \$55,722 accounts receivable balance. Refer to finding #2022-001.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Pojoaque Valley Irrigation District's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We are independent of the responsible party and meets other ethical responsibilities, in accordance with relevant ethical requirements related to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the Pojoaque Valley Irrigation District, the New Mexico Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

*Baldwin Accounting & Consulting, LLC*

Baldwin Accounting & Consulting, LLC  
Albuquerque, New Mexico  
December 15, 2022

**POJOAQUE VALLEY IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FISCAL YEAR ENDED JUNE 30, 2021**

**Status of Prior Year Findings:**

The Following findings were repeated and modified for fiscal year 2021:

None

The following findings were cleared for fiscal year 2022:

Finding 2021-001 (2016-004) – Inaccurate Year-End Financial Report to DFA-LGD

**Current Year Findings**

Finding 2022-001 – Negative Accounts Receivable

**POJOAQUE VALLEY IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FISCAL YEAR ENDED JUNE 30, 2021**

**2022-001 Negative Accounts Receivable**

Condition: During our analysis of revenue and related account balances, we noted an accounts receivable balance, net of allowance for doubtful accounts of -\$55,722. We also noted the following deficiencies:

- There is no formal integration of the irrigation system receivables into the District's accounting system.
- No formal oversight process has been developed to monitor the receivables balance.

Criteria: New Mexico Administrative Code (NMAC); 2.20.5, requires that model accounting practices established by the local government division are followed by personnel.

Cause: The District has long outstanding credit balances for their irrigation receivables balances. The District has not reconciled the long outstanding credit balances to determine if there needs to be any adjustments or write-offs.

Effect: The District does not record assessments receivables in accordance with standards. The District does not appear to be monitoring receivable balances and providing adjustments.

Recommendation: The District should establish and implement procedures to evaluate for collectability and determine appropriate reserves for uncollectible amounts. The District should also review and monitor this account and procedures on a regular basis.

Response: All irrigation account receivables, including uncollectible accounts, will be reviewed monthly. The Office Manager will review long outstanding credit balances and determine what write off or adjustment will be necessary. This will be implemented by FY23, by the Office Manager.

**POJOAQUE VALLEY IRRIGATION DISTRICT**  
**SCEHDULE OF REVENUES & EXPENDITURES – BUDGET & ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Assessments	\$ 221,535	\$ 227,339	\$ 227,339	\$ -
Dam Repayment	3,712	4,024	4,024	-
BOR Reimbursement	18,000	18,192	18,192	-
Penalties	-	3,403	3,403	-
Interest Income	-	5	5	-
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 243,247</u>	<u>\$ 252,963</u>	<u>\$ 252,963</u>	<u>\$ -</u>
Expenditures:				
Salaries	\$ 28,500	\$ 29,726	\$ 29,726	\$ -
Salaries (Dam Tender)	13,059	17,686	17,686	-
PERA	-	110	110	-
Payroll Taxes	3,325	3,650	3,650	-
Election	500	282	282	-
Office Supplies	1,500	2,309	2,309	-
Office Help	-	-	-	-
Postage	1,000	734	734	-
Utilities	4,200	5,241	5,241	-
Janitorial	-	-	-	-
Building Maintenance	8,000	1,197	1,197	-
Bureau of Reclamation O & M SJC	25,241	25,241	25,241	-
Bureau of Reclamation O & M Nambe Dam	50,369	50,369	50,369	-
Bond Insurance	100	300	300	-
Audit	3,400	3,344	3,344	-
Utilities - Nambe Dam	3,800	3,570	3,570	-
Mileage (Dam Tender)	2,500	3,491	3,491	-
Cayan Credit Card Fees	3,000	3,784	3,784	-
Bank Service Charge	-	115	115	-
Late Fees & Interest	-	-	-	-
Dam Repayment	3,700	3,700	3,700	-
Nambe Dam Supplies	10,000	3,153	3,153	-
Travel Expense	-	-	-	-
Meeting Expense	1,000	1,122	1,122	-
Advertisements	-	506	506	-
Workmens Comp Insurance	-	222	222	-
Dam Tender Help	-	-	-	-
Office Equipment/Expense	1,000	-	-	-
Legal	65,000	92,086	92,086	-
Professional Services	500	1,000	1,000	-
	<u>\$ 229,694</u>	<u>\$ 252,938</u>	<u>\$ 252,938</u>	<u>\$ -</u>

**Name:** Pojoaque Valley Irrigation District  
**Mailing Address:** 9 Cities of Gold Road  
**Email Address:** [pvidistrict1@hotmail.com](mailto:pvidistrict1@hotmail.com)  
**Phone number:** 505-455-2693

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**POJOAQUE VALLEY IRRIGATION DISTRICT  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2022**

The report contents were discussed at an exit conference held on December 15, 2022 with the following in attendance:

**Pojoaque Valley Irrigation District:**

Dave Neal  
Kathy Martinez

Chairman  
Office Manager

**Baldwin Accounting & Consulting, LLC**

Lee Baldwin, CPA, CFE, CGFM

Director

**STATE OF NEW MEXICO**  
**POJOAQUE VALLEY IRRIGATION DISTRICT**

**COMPILATION REPORT OF INDEPENDENT  
ACCOUNTANTS AND FINANCIAL STATEMENTS**

JUNE 30, 2022



## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
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YEAR ENDED JUNE 30, 2022**

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**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
JUNE 30, 2022**

**Board of Directors**

Name	Title
Dave Neal	Chair
Meade Martin	Vice-Chair
Rob Heineman	Secretary/Treasurer

## **FINANCIAL SECTION**



Lee A. Baldwin, CPA, CFE, CGFM  
Accounting Director  
Your Trusted Advisor

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Mr. Brian Colón  
New Mexico State Auditor  
and  
Members of the Board of Directors  
Pojoaque Valley Irrigation District  
Albuquerque, New Mexico

Management is responsible for the accompanying financial statements of the business-type activities of Pojoaque Valley Irrigation District. (the "District"), which comprise the statements net position – proprietary fund, as of June 30, 2022 and the related statement of revenues, expenses, and changes in net position – proprietary fund for the year then ended, and the related notes to the financial statements in accordance with requirements of Section 2.2.2.16 New Mexico Administrative Code (NMAC).

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, the proprietary fund financial statements and the notes related to those financial statements were prepared using the modified accrual basis of accounting. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): the statement of cash flows – proprietary fund and note disclosures related to the cash flow statement. These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has omitted the *Management's Discussion and Analysis* that governmental accounting principles accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

*Baldwin Accounting & Consulting, LLC*

Baldwin Accounting & Consulting, LLC  
Albuquerque, New Mexico  
December 15, 2022

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022**

**ASSETS**

*Current assets*

Cash and cash equivalents	\$ 84,104
Accounts receivable (Less: allowance for doubtful accounts)	(55,722)
<i>Total current assets</i>	<u>28,382</u>

*Noncurrent assets*

Capital assets

Building	-
Vehicles	-
Furniture, fixture, and equipment	2,815
Less: accumulated depreciation	(2,815)

Intangible assets	-
<i>Total noncurrent assets</i>	<u>-</u>

<i>Total assets</i>	<u>\$ 28,382</u>
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**LIABILITIES**

*Current liabilities*

Accounts payable	\$ -
Accrued liabilities	(23)
Current portion of debt	3,700
<i>Total current liabilities</i>	<u>3,677</u>

*Noncurrent liabilities*

Noncurrent portion of debt	37,000
<i>Total noncurrent liabilities</i>	<u>37,000</u>

**NET POSITION**

Invested in capital assets	-
Unrestricted net assets	(12,295)
<i>Total net position</i>	<u>(12,295)</u>

<i>Total Liabilities and net position</i>	<u>\$ 28,382</u>
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The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
STATEMENT OF REVENUES EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

**OPERATING REVENUES**

Assessments	\$ 227,339
Dam Repayment	4,024
BOR Reimbursement	18,192
Penalties	3,403
Interest Income	5

<i>Total operating revenues</i>	252,963
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**OPERATING EXPENSES**

Salaries	29,726
Salaries (Dam Tender)	17,686
PERA	110
Payroll Taxes	3,650
Election	282
Office Supplies	2,034
Postage	734
Utilities	5,241
Building Maintenance	1,197
Bureau of Reclamation O & M SJC	25,241
Bureau of Reclamation O & M Nambe Dam	50,369
Bond Insurance	300
Audit	3,344
Utilities - Nambe Dam	3,570
Mileage (Dam Tender)	3,491
Cayan Credit Card Fees	3,784
Bank Service Charge	115
Dam Repayment	3,700
Nambe Dam Supplies	3,153
Meeting Expense	1,122
Advertisements	506
Workmens Comp Insurance	222
Legal	92,086
Professional Services	1,000

<i>Total operating expenses</i>	252,663
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<i>Operating income (loss)</i>	300
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**OTHER INCOME (EXPENSE)**

Interest income	-
Total other income (expense)	-

**CHANGE IN NET POSITION**

300

**NET POSITION - BEGINNING OF YEAR**

(12,595)

**NET POSITION - END OF YEAR**

\$ (12,295)

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



**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1            Summary of Significant Accounting Policies**

The financial statements of the Pojoaque Valley Irrigation 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 was established as an agricultural irrigation district in cooperation with the United States Bureau of Reclamation. The District is overseen by a three-member volunteer Board of Directors who provide leadership and management expertise. The statutory authority for the District is designated as Section 79-10-1 of the New Mexico Statutes Annotated (NMSA 1978).

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 statements include all entities over which the Board of Directors 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 Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

*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.

**STATE OF NEW MEXICO  
POJOAQUE VALLEY IRRIGATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1                      Summary of Significant Accounting Policies (Continued)**

*B.      Measurement Focus, Basis of Accounting and Financial Statement Presentation*

**Departure from Generally Accepted Accounting Principles:** In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, the proprietary fund financial statements and the notes related to those financial statements were prepared using the modified accrual basis of accounting. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): the statement of cash flows – proprietary funds and note disclosures related to the cash flow statement. These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

Under the modified accrual method employed by the District, the financials report the District's revenue as it is collected on a cash basis and does not report accounts receivable on the balance sheet. This method differs from the accrual basis of accounting which reports revenues based on customer billings and reports the outstanding amount from customers on the balance sheet. 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.

**Business-Type Activities:** The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position were prepared using the economic resources measurement focus and the modified accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

The Statement of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the direct expense of a given function or segment 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*.

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.

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**NOTE 1            Summary of Significant Accounting Policies (Continued)**

**Capital Assets:** The District's policy is to capitalize all disbursements for equipment in excess of \$500. 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

**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.

**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.

**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.

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**NOTE 1            Summary of Significant Accounting Policies (Continued)**

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.

**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 timeframe.

**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, 2022

**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.

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**NOTE 1            Summary of Significant Accounting Policies (Continued)**

**Pensions and OPEB:** The District has elected not to participate in either the New Mexico Public Employees Retirement Association (PERA) or the New Mexico Retiree Health Care Act. Therefore, the District has elected not to implement the following GASB statements:

- GASB Statement No. 68 - *Financial Reporting for Pension Plans -An Amendment to GASB Statement 27*,
- GASB Statement No. 71 -*Pension Transition for Contributions Made Subsequent to the Measurement Date*,
- 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.

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**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, 2022, 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, 2022, of the cash and cash equivalents.

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Unreconciled Differences	Book Balance
US Bank						
Operational	Checking	37,373	81	2,542	-	34,912
Savings	Savings	49,192	-	-	-	49,192
Total US Bank		<u>86,565</u>	<u>81</u>	<u>2,542</u>	<u>-</u>	
Total Cash						<u>84,104</u>

*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.

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**NOTE 3            Cash and Cash Equivalents**

At June 30, 2022, none of the District's total balance of \$186,733 was exposed to custodial credit risk as it is entirely covered by the FDIC.

	US Bank
Total amounts of deposits	\$ 86,565
FDIC coverage	86,565
Total uninsured public funds	-
Collateral requirement (50% of uninsured public funds)	-
Pledged security	-
Total over (under) collateralized	\$ -

**NOTE 4            Detailed Notes on All Funds**

*A. Capital Assets*

A summary of capital assets and changes occurring during the year ended June 30, 2022 follows.

	June, 30 2021	Additions	Delections	June 30, 2022
Capital assets used in governmental activities:				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	2,815	-	-	2,815
Total capital assets being depreciated	2,815	-	-	2,815
Less accumulated depreciation:				
Depreciation of assets	2,815	-	-	2,815
Total accumulated depreciation	2,815	-	-	2,815
Total capital assets, net of depreciation	-	-	-	-

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**NOTE 5                    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 work

man's compensation law. Such illness or injury must be reported to the supervisor or general manager immediately.

**NOTE 6                    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 7                    Deficit Net Assets**

The District had a deficit unrestricted net asset balance of \$12,295. The deficit will be covered by future grants or funds from the operating revenues.

**NOTE 8                    Contingencies**

COVID-19 – Subsequent to the year-end 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state and local authorities requiring forced closures of various schools, businesses and other facilities and organizations. These forced closures could negatively impact the District's business. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of the supply chain disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the District's financial position, results of operations and cash flows.

**NOTE 9                    Subsequent Events**

A review of subsequent events through December 15, 2022 which is the date the financial statements were available to be issued, indicated one item of audit significance.