A large orange circle is positioned on the left side of the page, partially cut off by the edge. It contains the text of the report title.

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

**MARIPOSA EAST PUBLIC
IMPROVEMENT DISTRICT**

JUNE 30, 2011

atkinson

PRECISE. PERSONAL. PROACTIVE.

CONTENTS

	Page
OFFICIAL ROSTER.....	1
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES.....	2-7
SCHEDULES OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (CASH BASIS)	
PLEDGED REVENUE FUND.....	8
BOND FUND.....	9
RESERVE FUND.....	10
STABILIZATION FUND.....	11
ADMINISTRATION FUND.....	12
OTHER INFORMATION	
BUDGET AND QUARTERLY REPORTS FOR FISCAL YEAR	
PLEDGED REVENUE FUND.....	13
BOND FUND.....	14
RESERVE FUND.....	15
STABILIZATION FUND.....	16
ADMINISTRATION FUND.....	17
2011 QUARTERLY REPORT.....	18
SCHEDULE OF FINDINGS IN RESPONSES.....	19-20
EXIT CONFERENCE.....	21

Mariposa East Public Improvement District

OFFICIAL ROSTER

Year ended June 30, 2011

Board of Directors

James Jimenez	Chairman
Olivia Padilla-Jackson	Secretary/Treasurer
Gary Gordon	Member
Jack Eichorn	Member
John Castillo	Member



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.
6501 AMERICAS PKWY NE
SUITE 700
ALBUQUERQUE, NM 87110

T 505 843 6492
F 505 843 6817

ATKINSONCPA.COM

PO BOX 25246
ALBUQUERQUE, NM 87125

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Mariposa East Public Improvement District
Rio Rancho, New Mexico and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Mariposa East Public Improvement District (District) and New Mexico State Auditor (State Auditor), solely to assist the users in evaluating the District's financial reporting to the State Auditor relating to its Cash, Capital Assets, Revenue, Expenditures, Journal Entries and Budget information and its compliance with Section 12-6-3B(4) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2011. The District is responsible for its financial reporting to the State Auditor as described above. This 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 the report. 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.

In accordance with Tier 4 of the Audit Act– Section 12-6-3 B(4) and Section 2.2.2.16 NMAC, we performed the following procedures:

1. 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. For purposes of performing our procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the District.

- b) Perform a random test of bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division. For purposes of performing our procedures “accuracy” means that reconciling items agree to deposit slips and subsequent bank or investment statements.
- 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 Procedures 1(a) – 1(c)

We obtained a list from management of all bank and investment accounts, and the corresponding statements for the fiscal year ended June 30, 2011 as described below:

<u>Account No.</u>	<u>Description</u>	<u>Fund</u>	<u>GL Balance</u>
81-8635-01-3	Pledged Revenue	Pledged revenue fund	\$ 85,621
81-8635-02-1	Principal Account	Bond fund	-
81-8635-03-9	Interest Account	Bond fund	1
81-8635-04-7	Prepayment Account	Bond fund	-
81-8635-07-0	Reserve Fund	Reserve fund	1,268,301
81-86-35-09-6	Rate Stabilization	Stabilization fund	616,272
81-8635-08-8	Capitalized Interest	Stabilization fund	-
81-8635-10-4	Admin Account	Administration fund	2,790
Total			<u>\$ 1,972,985</u>

We noted the District did not maintain a general ledger for the fiscal year ending June 30, 2011, which has been noted as finding 10-01 on page 19 of this report. No other instances of noncompliance were noted as a result of performing the procedures described in 1(a) – 1(c).

2. 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 2

The District has no capital assets and accordingly Section 12-6-10 NMSA 1978 is not applicable.

3. Revenues

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. For purposes of performing our analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10% for each revenue type.

Test 50% of the total amount of revenues for the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement. For purposes of our procedures, we selected a random sample of recorded revenue transactions to achieve a minimum of 50% coverage.
- 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 Procedures 3(a) – 3(c)

As a result of performing the analytical review procedures in 3(a), we noted the following:

- Facilities fee – Actual revenue was lower than budgeted revenue by \$24,000 or 100%. Management indicated this variance was due to lower sales of lots/tracks within the District. Note that facilities fees are one-time payments for residential and commercial lots sold within the District.

See Schedules of Revenues and Expenditures – Budget and Actual (Cash Basis) on pages 8 through 12 of this report.

We randomly selected the following items for procedures 3(b)-3(c) and obtained 68% coverage of total revenue as follows:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
08/24/10	Monthly Tax Collection	\$ 15,300
01/24/11	Monthly Tax Collection	51,695
05/24/11	Monthly Tax Collection	16,825
06/23/11	Monthly Tax Collection	60,556
08/24/10	Levy Income	849
01/24/11	Levy Income	2,870
05/24/11	Levy Income	934
06/23/11	Levy Income	3,362
Total		<u>\$ 152,391</u>

For these selected items, revenue recorded agreed with supporting documentation and the trust ledgers. There were proper descriptions and classification in support documents.

We noted the District did not maintain a general ledger for the fiscal year ending June 30, 2011. This has been noted as finding 11-01 on page 19 of this report. No other instances of noncompliance were noted as a result of performing the procedures described in 3(a) – 3(c).

4. Expenditures

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for 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 cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.
- 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).

Results of Procedures 4(a) – 4(c)

We selected the following cash disbursements (representing 100% of the total expenditures) and performed the procedures described in 4(a) – 4(c) above:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9/1/2010	Payment of interest on Revenue Bonds	\$ 469,944
9/1/2010	Payment of principal on Revenue Bonds	325,000
02/23/11	Professional fees	8,774
03/01/11	Payment of interest on Revenue Bonds	416,006
03/01/11	Payment of interest on Revenue Bonds	45,000
04/11/11	Professional fees	<u>3,653</u>
Total		<u><u>\$1,268,377</u></u>

We noted the District did not maintain a general ledger for the fiscal year ending June 30, 2011, which has been noted as finding 11-01 on page 18 of this report. In addition, the District is not required to follow the Procurement Code in accordance with NMSA 5-11-10 D. or the Per Diem and Mileage Act as the District has no employees. No other instances of noncompliance were noted as a result of performing the procedures described in 4(a) –4(c).

5. Journal Entries

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

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedure 5

We noted the District did not maintain a general ledger for the fiscal year ending June 30, 2011 which has been noted as finding 11-01 on page 19. Accordingly, the District did not have any journal entries.

6. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- 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.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and 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 6

We noted the District did not maintain a general ledger for the fiscal year ending June 30, 2011, which has been noted as finding 10-01 on page 19. No other instances of noncompliance were noted as a result of performing the procedures described in 6(a) – 6(c). See Schedules of Revenues and Expenditures – Budget and Actual (Cash Basis) in pages 8 through 11 of this report.

Other

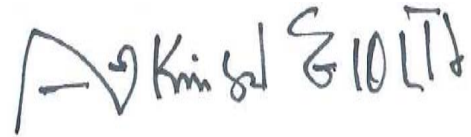
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section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

Results of Procedure - Other

Schedule of Findings and Responses is included in page 19 of this report.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the District's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District, bond investors, and Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized logo to the left consisting of a large 'A' with a checkmark-like shape inside.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 28, 2011

Mariposa East Public Improvement District

**SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (CASH BASIS) PLEDGED REVENUE FUND**

Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Special levy	\$ 383,892	\$ 383,892	\$ 214,028	\$ (169,864)
Dividend income	500	500	7	(493)
Total revenues	384,392	384,392	214,035	(170,357)
Expenditures				
General government	-	-	-	-
Total expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer out	(481,071)	(481,071)	(225,094)	255,977
Total other financing sources (uses)	(481,071)	(481,071)	(225,094)	255,977
Net change in fund balances	(96,679)	(96,679)	(11,059)	85,620
Fund balances, beginning of year	96,679	96,679	96,679	-
Fund balances, end of year	\$ -	\$ -	\$ 85,620	\$ 85,620

Mariposa East Public Improvement District

**SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (CASH BASIS) BOND FUND**

Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Dividend income	\$ -	\$ -	\$ 7	\$ 7
Interest income	-	-	-	-
Total revenues	-	-	7	7
Expenditures				
Debt service - interest	930,950	930,950	930,950	-
Debt service - principle	325,000	325,000	325,000	-
Other	-	-	-	-
Total expenditures	1,255,950	1,255,950	1,255,950	-
Other Financing Sources (Uses)				
Transfer in	1,255,950	1,255,950	1,255,943	(7)
Total other financing sources (uses)	1,255,950	1,255,950	1,255,943	(7)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

Mariposa East Public Improvement District

**SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (CASH BASIS) RESERVE FUND**

Year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Interest income	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 263</u>	<u>\$ (9,737)</u>
Total revenues	10,000	10,000	263	(9,737)
Other Financing Sources (Uses)				
Transfer out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(471)</u>	<u>9,529</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(471)</u>	<u>9,529</u>
Net change in fund balances	-	-	(208)	(208)
Fund balances, beginning of year	<u>1,268,509</u>	<u>1,268,509</u>	<u>1,268,509</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,268,509</u>	<u>\$ 1,268,509</u>	<u>\$ 1,268,301</u>	<u>\$ (208)</u>

Mariposa East Public Improvement District

**SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (CASH BASIS) STABILIZATION FUND**

Year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Facility fee	\$ 24,000	\$ 24,000	\$ -	\$ (24,000)
Dividend income	-	-	215	215
Interest income	-	-	-	-
Total revenues	24,000	24,000	215	(23,785)
Expenditures				
Debt service - interest	-	-	-	-
Other	-	-	-	-
Total expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfer in	481,071	481,071	-	(481,071)
Transfer out	(1,245,950)	(1,245,950)	(1,030,383)	215,567
Total other financing sources (uses)	(764,879)	(764,879)	(1,030,383)	(265,504)
Net change in fund balances	(740,879)	(740,879)	(1,030,168)	(289,289)
Fund balances, beginning of year	1,646,440	1,646,440	1,646,440	-
Fund balances, end of year	<u>\$ 905,561</u>	<u>\$ 905,561</u>	<u>\$ 616,272</u>	<u>\$ (289,289)</u>

Mariposa East Public Improvement District

**SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (CASH BASIS) ADMINISTRATION FUND**

Year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Tax collections	\$ 21,327	\$ 21,327	\$ 10,822	\$ (10,505)
Developer advance	21,939	21,939	-	(21,939)
Interest income	-	-	1	1
Total revenues	43,266	43,266	10,823	(32,443)
Expenditures				
General government	36,810	36,810	15,637	(21,173)
Total expenditures	36,810	36,810	15,637	(21,173)
Other Financing Sources (Uses)				
Transfer in	-	-	1,061	1,061
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	1,061	1,061
Net change in fund balances	6,456	6,456	(3,753)	(10,209)
Fund balances, beginning of year	6,543	6,543	6,543	-
Fund balances, end of year	<u>\$ 12,999</u>	<u>\$ 12,999</u>	<u>\$ 2,790</u>	<u>\$ (10,209)</u>

Mariposa East Public Improvement District

**BUDGET AND QUARTERLY REPORT FOR FISCAL YEAR
PLEDGED REVENUE FUND**

Year ended June 30, 2011

	Budget	Actual				
	FY 2011	1st Quarter End 09/30/10	2nd Quarter End 12/31/10	3rd Quarter End 03/31/11	4th Quarter End 06/30/11	Total
Beginning Fund Balance	\$ 96,679	\$ 96,680	\$ 6,556	\$ 26,188	\$ 1,459	\$ 96,680
Revenues						
Tax collections	383,892	37,965	19,631	72,271	84,161	214,028
Interest income	500	4	1	2	-	7
Total revenues	384,392	37,969	19,632	72,273	84,161	214,035
Expenditures						
Bond fund	-	-	-	-	-	-
Reserve fund	-	-	-	-	-	-
Stabilization fund	481,071	128,093	-	97,002	-	225,095
Total expenditures	481,071	128,093	-	97,002	-	225,095
Ending Fund Balance	\$ -	\$ 6,556	\$ 26,188	\$ 1,459	\$ 85,620	\$ 85,620

	2010 AV	Tax Rate	Production	Collection Rate	Net Collection
Residential	\$ 21,405,750	\$ 9	\$ 192,652	95%	\$ 183,019
Non-Residential	23,493,850	9	211,445	95%	200,872
Total	\$ 44,899,600	\$ 18	\$ 404,097		\$ 383,891

Note: Tax collections based on tax rate of \$9.0/\$1,000 of assessed valuation

Mariposa East Public Improvement District

**BUDGET AND QUARTERLY REPORT FOR FISCAL YEAR
BOND FUND**

Year ended June 30, 2011

	Budget	Actual				Total
	FY 2011	1st Quarter End 09/30/10	2nd Quarter End 12/31/10	3rd Quarter End 03/31/11	4th Quarter End 06/30/11	
Beginning Fund Balance	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 1
Revenues						
Pledged revenue fund	-	128,093	-	97,002	-	225,095
Stabilization fund	1,245,950	666,379	-	364,004	-	1,030,383
Reserve fund	10,000	471	-	-	-	471
Interest income	-	-	-	-	-	-
Total revenues	1,255,950	794,943	-	461,006	-	1,255,949
Expenditures						
Principle account	325,000	325,000	-	-	-	325,000
Interest account	930,950	469,944	-	461,006	-	930,950
Total expenditures	1,255,950	794,944	-	461,006	-	1,255,950
Ending Fund Balance	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -

Mariposa East Public Improvement District

**BUDGET AND QUARTERLY REPORT FOR FISCAL YEAR
RESERVE FUND**

Year ended June 30, 2011

	Budget	Actual				Total
	FY 2011	1st Quarter End 09/30/10	2nd Quarter End 12/31/10	3rd Quarter End 03/31/11	4th Quarter End 06/30/11	
Beginning Fund Balance	\$ 1,268,509	\$ 1,268,509	\$ 1,268,103	\$ 1,268,166	\$ 1,268,229	\$ 1,268,509
Revenues						
Interest income	10,000	65	63	63	72	263
Total revenues	10,000	65	63	63	72	263
Expenditures						
Bond fund transfer	10,000	471	-	-	-	471
Stabilization fund transfer	-	-	-	-	-	-
Total expenditures	10,000	471	-	-	-	471
Ending Fund Balance	<u>\$ 1,268,509</u>	<u>\$ 1,268,103</u>	<u>\$ 1,268,166</u>	<u>\$ 1,268,229</u>	<u>\$ 1,268,301</u>	<u>\$ 1,268,301</u>

Reserve Requirement is \$1,268,037.50

Mariposa East Public Improvement District

**BUDGET AND QUARTERLY REPORT FOR FISCAL YEAR
STABILIZATION FUND**

Year ended June 30, 2011

	Budget	Actual				
	FY 2011	1st Quarter End 09/30/10	2nd Quarter End 12/31/10	3rd Quarter End 03/31/11	4th Quarter End 06/30/11	Total
Beginning Fund Balance	\$ 1,646,440	\$ 1,646,440	\$ 980,144	\$ 980,193	\$ 616,237	\$ 1,646,440
Revenues						
Pledged revenue	481,071	-	-	-	-	-
Capitalized interest	-	-	-	-	-	-
Facility fee	24,000	-	-	-	-	-
Interest income/gain or loss	-	83	49	48	35	215
Stabilization payment	-	-	-	-	-	-
Total revenues	505,071	83	49	48	35	215
Expenditures						
Bond fund	1,245,950	666,379	-	364,004	-	1,030,383
Total expenditures	1,245,950	666,379	-	364,004	-	1,030,383
Ending Fund Balance	<u>\$ 905,561</u>	<u>\$ 980,144</u>	<u>\$ 980,193</u>	<u>\$ 616,237</u>	<u>\$ 616,272</u>	<u>\$ 616,272</u>
Fund Balance Detail						
Capitalized interest account		\$ -	\$ -	\$ -	\$ -	
Rate stabilization account		980,144	980,193	616,237	616,272	
Total Fund Balance		<u>\$ 980,144</u>	<u>\$ 980,193</u>	<u>\$ 616,237</u>	<u>\$ 616,272</u>	

Mariposa East Public Improvement District

**BUDGET AND QUARTERLY REPORT FOR FISCAL YEAR
ADMINISTRATION FUND**

Year ended June 30, 2011

	Budget	Actual				
	FY 2011	1st Quarter End 09/30/10	2nd Quarter End 12/31/10	3rd Quarter End 03/31/11	4th Quarter End 06/30/11	Total
Beginning Fund Balance	\$ 6,543	\$ 6,543	\$ 8,651	\$ 9,741	\$ 4,980	\$ 6,543
Revenues						
Tax collections	21,327	2,108	1,090	4,013	4,673	11,884
Developer advance	21,939	-	-	-	-	-
Interest income	-	-	-	-	-	-
Total revenues	43,266	2,108	1,090	4,013	4,673	11,884
Expenditures						
Legal	10,000	-	-	-	3,653	3,653
Financial	5,000	-	-	-	-	-
Audit	16,100	-	-	8,774	-	8,774
Trustee	3,210	-	-	-	3,210	3,210
Miscellaneous	2,500	-	-	-	-	-
Total Expenditures	36,810	-	-	8,774	6,863	15,637
Ending Fund Balance	\$ 12,999	\$ 8,651	\$ 9,741	\$ 4,980	\$ 2,790	\$ 2,790

	2010 AV	Tax Rate	Production	Collection Rate	Net Collection
Residential	\$ 21,405,750	\$ 0.50	\$ 10,703	95%	\$ 10,168
Non-residential	23,493,851	0.50	11,747	95%	10,160
Total	\$ 44,899,601	\$ 0.50	\$ 22,450		\$ 20,328

Mariposa East Public Improvement District

2011 QUARTERLY REPORT

Fund	Beginning Balance 7/01/10	1st Quarter 9/30/2010	2nd Quarter 12/31/2010	3rd Quarter 3/31/2011	4th Quarter 6/30/2011	Annual
Pledged revenue fund	\$ 96,680	\$ 6,556	\$ 26,188	\$ 1,459	\$ 85,620	\$ -
Stabilization fund	1,646,440	980,144	980,193	616,237	616,272	-
Bond fund	1	-	-	-	-	-
Administration fund	6,543	8,651	9,741	4,980	2,790	-
Reserve fund	1,268,509	1,268,103	1,268,166	1,268,229	1,268,301	-
Totals	<u>\$ 3,018,173</u>	<u>\$ 2,263,454</u>	<u>\$ 2,284,288</u>	<u>\$ 1,890,905</u>	<u>\$ 1,972,983</u>	<u>\$ -</u>

Mariposa East Public Improvement District

SCHEDULE OF FINDINGS AND RESPONSES

Year ended June 30, 2011

Resolutions of Prior Year Findings

10-01 No General Ledger Maintained – Modified and Repeated

10-02 Late Submission of Agreed Upon Procedures Report – Resolved

Mariposa East Public Improvement District

SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED

Year ended June 30, 2011

CONDITION -- 10-01 No General Ledger Maintained – Modified and Repeated

The District did not maintain a general ledger for the fiscal year ended June 30, 2011.

CRITERIA

State Auditor Rule 2.2.210 J, Section 12-6-5, NMSA 1978 states that any violation of good accounting practices be included in the annual audit report.

EFFECT

There is an increased risk of misstatements and/or budget overages occurring and not being detected and corrected in a timely manner.

CAUSE

The District has minimal transaction activity and uses the monthly bank statements to track transactions.

RECOMMENDATION

We recommend that the District implement a basic general ledger software package as soon as it is practical.

As an alternative we recommend that the District assemble the following information each year to serve as complete transaction documents record to serve as the ledger for the PID.

MANAGEMENT'S RESPONSE

Management has evaluated the need to purchase an accounting software package and believes the purchase is not necessary. Due to the fact the revenues are known sources, which are primarily tax levies, and the expenses primarily consist of bond interest and principal payments, the purchase of an accounting software system is not cost effective. In addition, these revenue streams and expenses are easily budgeted, whereby any deviation would become known to any board member of Mariposa East Public Improvement District. Also, the internal controls within Mariposa East Public Improvement District are such that any deviation from budgeted revenue or expenses would become known immediately to other board members. However, management does plan on tracking cash, revenues, and expenses using a spreadsheet, which will be approved by a board member.

Mariposa East Public Improvement District

EXIT CONFERENCE

Year ended June 30, 2011

An exit conference was held on November 28, 2011. Attending were the following:

Representing Mariposa East Public Improvement District:

Olivia Padilla-Jackson, Secretary/Treasurer
Kevin Powers, Financial Consultant
Peter Franklin, Attorney
James Jimenez, City Manager of the City of Rio Rancho

Representing Atkinson & Co., Ltd.:

Martin Mathisen, CPA, CGFM, Shareholder
Krik Mielke, CPA, Manager

The Schedules of Revenues and Expenditures – Budget to Actual were prepared with the assistance of Atkinson & Co., Ltd.

ATKINSON & CO. LTD.
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ALBUQUERQUE, NM
T 505 843 6492
F 505 843 6817

RIO RANCHO, NM
T 505 891 8111
F 505 891 9169

ATKINSONCPA.COM

