

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA**

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

**DECEMBER 31, 2010**

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
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December 31, 2010**

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**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
OFFICIAL ROSTER  
DECEMBER 31, 2010**

The Chamberino Mutual Domestic Water Consumer & Sewer Association (District) was organized on May 16, 1995 as a non-profit organization to provide water and sewer services to occupants and residents within the vicinity of the community of Chamberino, County of Dona Ana, New Mexico. The district was created for the purpose of: (A) purchasing, acquiring, establishing or constructing waterworks to supply water for domestic, commercial and industrial purposes by any available means to persons within and without the boundaries of the district. For this purpose, the district has the power to extend its water lines outside of the boundaries of the district for the purpose of securing a source of water supply or for the purpose of supplying the water to any lands of the United States, New Mexico, or Indian reservation for use by any person, firm or corporation; (B) purchasing, acquiring, establishing or constructing sanitary sewers or a system of sewage disposal, garbage or refuse disposal; (C) purchasing, acquiring, establishing or constructing street infrastructures; (D) purchasing, acquiring, establishing or constructing park and recreational improvements; (E) purchasing, acquiring, establishing or constructing or operating other public facilities or economic development projects; or (F) all of the improvements in items A through E or any combination of them within or without the district. The district serves approximately 152 active meter customers.

**BOARD OF DIRECTORS**

Jose Luis Segura	Chairman
Gloria Gonzales	Vice-Chair
Reyes Valtierra	Sec/Treas
Raul Reyes	Member
Priscilla Martinez	Member

**AGREED UPON PROCEDURES SECTION**

*Beckham & Penner, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Mr. Hector Balderas, State Auditor,  
Members of the Board of Directors  
Chamberino MDWC & SA  
Chamberino, New Mexico

We have performed the procedures described in the following Schedule of Agreed Upon Procedures for the Chamberino MDWC & SA (District) for the year ended December 31, 2010, solely to assist the District with respect to the Tier 5 requirements of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the District and the New Mexico Office of the State Auditor. The District's management is responsible for their financial records and presentation of the Tier 5 requirements. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the following Schedule of Procedure either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following; Schedule of Agreed Upon Procedures and Results of Procedures, Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis), and the Schedule of State Capital Outlay Awards, Expenditures and Balance (Non-GAAP Budgetary Basis).

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the schedules. 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 Chamberino MDWC & SA, the NM Office of the State Auditor and the NM Department of Finance and Administration – Local Government Division and is not intended to be and should not be used by anyone other than these specified parties.

*Beckham & Penner P.C.*

February 7, 2014

Beckham & Penner, P.C.

Certified Public Accountants

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

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

**Results:** We obtained all of the bank statements, bank reconciliations, general ledger, DFA financial reports, and bank pledged collateral statements for the fiscal year and performed the above procedures.

- a) The bank reconciliations are being performed in a timely manner and all bank statements for the fiscal year were complete and on-hand. Chamberino MDWC & SA District does not have any investment, thus there were no investment statements.
- b) The bank reconciliations were accurate and agreed to the general ledger and supporting documentation. Chamberino MDWC & SA District does not submit financial reports to DFA- Local Government Division, however, the District does submit annual financial reports to USDA Rural Development and the financial reports accurately reported the cash balances of the District.
- c) The pledged collateral requirements of Section 6-10-17 NMSA 1978, NM Public Money Act did not apply to the District because all of their cash was fully insured by the FDIC coverage.

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

**Procedure 2: Capital Assets**

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

**Results:** We obtained the yearly inventory and determined that the District is performing the yearly inventory as required by Section 12-6-10 NMSA 1978.

**Procedure 3: 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.

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

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- 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:** We obtained the budget, agreements, underlying documentation, general ledger, and bank statements for the fiscal year and performed the above procedures.

- a) Actual revenue compared to budget is presented as supplementary information in the accompanying Schedule of Revenue and Expenditures – Budget and Actual.
- b) The sample of revenue was found to be recorded in the general ledger and agreed to the supporting documentation and bank statements.
- c) The sample of revenue was properly classified and recorded in the general ledger and presented in the financial statements on the budgetary basis of accounting which is a modified accrual basis.

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SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

**Procedure 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 canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance 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 (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:** We obtained the paid vouchers for the fiscal year and performed the above procedures on a sample of the vouchers.

- a) For the vouchers examined, we determined that the amounts recorded in the accounting records agreed to the supporting documentation and verified that the amount, payee, date and description agreed to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) For the vouchers examined, we determined that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- d) For the vouchers examined, we determined that, when applicable, the bid process or request for proposal process, purchase order, 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).



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SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

**Procedure 5: 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.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Results:** We examined the non-routine general journal entries posted to the general ledger and performed the above procedures on the significant items.

- a) The journal entries appear reasonable and had supporting documentation.
- c) The District had procedures that require journal entries to be reviewed and there was evidence the reviews were being performed.

**Procedure 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 final approved budgets and general ledger, prepare a schedule of revenue 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.

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CHAMBERINO MDWC & SA  
SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

**Procedure 6: Budget, continued**

**Results:** We obtained the original budget, the budget amendment, minutes and budget correspondence, and general ledger for the fiscal year and performed the above procedures.

- a) We verified that the original budget and budget amendment was approved by the District, however, the original budget and budget amendments were not submitted or approved by DFA-LGD. The District did submit their original budget and budget amendments to USDA Rural Development for approval.
- b) We determined that the actual expenditures for the fiscal year did not exceed the final budget at the legal level of budgetary control.
- c) We prepared a Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis) for each individual fund (the District has only one fund) and it is presented following this report.

**Procedure 7: State Capital Outlay Appropriations**

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.

Test all capital outlay expenditures during the fiscal year to:

- 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, vendor's invoice and cancelled 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 (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
SCHEDULE OF AGREED UPON PROCEDURES  
AND RESULTS OF PROCEDURES  
December 31, 2010**

**Procedure 7: Capital Outlay Appropriations**

- d) Determine the physical existence (by observation) for 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.

**Result:** The District received and expended state funded capital outlay appropriations during the fiscal year. The above referenced tests (a through i) were performed and there were no exceptions to be reported. Following this report is a Schedule of State Capital Outlay Awards, Expenditures and Balance (Non-GAAP Budgetary Basis). The only state funded capital outlay expenditure in year 2010 was a single transaction in the amount of \$48,995 for the purchase of water rights using the NM Interstate Stream Commission Grant. The expenditures for the SAP Grant all occurred in prior years and the District received the final reimbursement draw in year 2010.

STATE OF NEW MEXICO  
 CHAMBERINO MDWC & SA  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
 For the Year Ended December 31, 2010

	<u>Budgeted Amount</u>		<u>Actual (Budgetary Basis)</u>	<u>Variences ACTUAL To Final BUDGET</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues:				
Water Sales	\$ 52,594	\$ 56,057	\$ 55,971	\$ (86)
Water Tap	5,353	5,353	6,507	1,154
Interest Income	590	590	760	170
Total revenues	<u>58,537</u>	<u>62,000</u>	<u>63,238</u>	<u>1,238</u>
Expenditures:				
Current:				
Contractual Servises	16,580	23,500	23,028	472
Operating expenses	38,427	26,500	26,170	330
Non-current:				
Capital outlay	-	12,000	11,399	601
Total expenditures	<u>55,007</u>	<u>62,000</u>	<u>60,597</u>	<u>1,403</u>
Revenues over (under) expenditures	<u>3,530</u>	<u>-</u>	<u>2,641</u>	<u>2,641</u>
Non-operating revenue (expenditures):				
State grants	-	-	4,901	4,901
Federal grants	-	-	-	-
Federal Loan	-	110,000	102,745	(7,255)
Capital outlay expenditures	-	(110,000)	(49,810)	60,190
	<u>-</u>	<u>-</u>	<u>57,836</u>	<u>57,836</u>
Cash balance available to balance budget	<u>114,547</u>	<u>114,547</u>	<u>114,547</u>	<u>-</u>
Operating revenues and non-operating Revenues over (under) operating Expenses and non-operating expenses	<u>\$ 118,077</u>	<u>\$ 114,547</u>	<u>\$ 175,024</u>	<u>\$ 60,477</u>
Actual cash balances:	<u>12/31/2009</u>		<u>12/31/2010</u>	
Operating Account	7,661		19,534	
Construction Account	9,427		112,159	
Reserve Account	76,094		21,560	
Certificate of Deposit	21,365		21,771	
Total Cash Balance	<u>\$ 114,547</u>		<u>\$ 175,024</u>	

STATE OF NEW MEXICO  
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**SCHEDULE OF STATE CAPITAL OUTLAY AWARDS,  
 EXPENDITURES AND BALANCES (NON-GAAP BUDGETARY BASIS)**  
 For the Year Ended December 31, 2010

	NM Interstate Stream Commission Grant	NM SAP-06-1112-GF Grant
Appropriation	2007 Laws, Chapter 341	2006 Laws, Chapter 111
Legislation	<u>Section 115, (STB)</u>	<u>Section 45, Sub Sec 36</u>
Authorization Date	August 8, 2008	September 12, 2006
Award Amount	\$ 50,000	\$ 100,000
Termination Date	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<u>Year 2010 Activity:</u>		
Beginning Cash Balance	\$ 48,995	\$ (4,901)
Received in year 2010	-	4,901
Expended in year 2010	(48,995)	-
Ending Cash Balance	<u>\$ -</u>	<u>\$ -</u>
<u>Cummulative To Date:</u>		
Received	\$ 49,995	\$ 100,000
Expended	(49,995)	(100,000)
Remaining Balance	<u>\$ -</u>	<u>\$ -</u>
Status	Completed	Completed

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2010**

**PRIOR YEAR FINDINGS**

**STATUS**

NONE

NA

**CURRENT YEAR FINDINGS**

2010-01 Timeliness of Report Delivered to State Auditor (Non-Compliance)

2010-02 DFA Budget Approval and Reporting (Non-Compliance)

**2010-01      TIMELINESS OF REPORT DELIVERED TO STATE AUDITOR**

**Statement of Condition:**

The New Mexico State Auditor required the report to be completed and submitted to his office by June 1, 2011. The report was submitted February 7, 2014.

**Criteria:**

Governmental entities, agencies, and committees review the reports and prefer to do so in a timely manner. The SAO Rule, NMAC 2.2.2.9 Subsection A establishes a due date of June 1 for the reports of special districts.

**Effect:**

The users of the financial statements such as legislators, creditors, state and federal grantors, etc., do not have timely reports and financial statements for their review.

**Cause:**

The Accountants were engaged after the original due date and thus could not complete the report in a timely manner.

**Recommendation:**

The District and Accountants should comply with the State Auditor's delivery due date.

**Response:**

We will continue our efforts to comply with the State Auditor's delivery due date.

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2010**

**2010-02      DFA BUDGET APPROVAL AND REPORTING**

**Statement of Condition:**

Chamberino MDWC & SA (District) did not submit their budget to the New Mexico Department of Finance and Administration (DFA) for approval and did not submit any quarterly financial reports to DFA.

**Criteria:**

Governmental entities must submit their budget to DFA for approval and report their quarterly financial activity to DFA.

**Effect:**

DFA and other state agencies could not monitor the Districts financial activity.

**Cause:**

The District was unaware of the requirement to submit their budget to DFA for approval and to submit quarterly financial reports to DFA. The District has not been assigned a DFA analyst.

**Recommendation:**

The District should contact DFA and comply with the requirements to submit their annual budget and any budget amendments to DFA for approval and to meet the reporting requirements to DFA.

**Response:**

We will contact DFA and comply with their requirements. The District does submit their budget and annual financial activity to USDA Rural Development.

**STATE OF NEW MEXICO  
CHAMBERINO MDWC & SA  
EXIT CONFERENCE  
December 31, 2010**

**Preparation of Schedules**

The accompanying schedules were substantially prepared by the Accountants; however, District's management acknowledges and accepts responsibility for the schedules.

**EXIT CONFERENCE**

An exit conference was held on February 7, 2014, at the Chamberino Board room.

In attendance for the District:

Jose Luis Segura	Chairman
Jose Terrones	AWSD
Loren Schoonover	AWSD

In attendance for the Accountants:

Rick Penner, CPA	Accountant
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