

State of New Mexico
CHAMBERINO MDWC & SA
Chamberino, New Mexico

December 31, 2011

INDEPENDENT AUDITORS' REPORT
ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 CHAMBERINO MDWC & SA
 TABLE OF CONTENTS
 DECEMBER 31, 2011

	<u>PAGE</u>
Table of Contents	2
Function of Entity & Official Roster	3
 Financial Section:	
Independent Auditors' Report	4
 Financial Statements:	
Statement of Net Assets	6
Statement of Revenues, Expenses and Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9
 Supplementary Information:	
Statement of Receipts and Disbursements	
Budget (Non-GAAP Budgetary Basis) and Actual (Cash Basis)	21
 Compliance Section:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	22
Report on Compliance with Requirements that could have a direct and Material effect on each Major program and on internal controls over Compliance in accordance with OMB Circular A-133	24
Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27
Exit Conference	31

STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
FUNCTION OF ENTITY & OFFICIAL ROSTER
DECEMBER 31, 2011

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 176 active water meter customers.

BOARD OF DIRECTORS

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

FINANCIAL SECTION

Beckham & Penner, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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

SOCORRO, NEW MEXICO 87801

PHONE 575/835-1091 FAX 575/835-1224

bppccpa@sdcc.org

INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas, NM State Auditor and
The Board of Directors of
Chamberino MDWC & SA
Chamberino, New Mexico

We have audited the accompanying financial statements of the business-type activities of Chamberino Mutual Domestic Water Consumer & Sewer Association (District), as of and for the year ended December 31, 2011, which collectively comprise the District's financial statements as listed in the table of contents. We have also audited the budgetary comparison statement of the District, presented as supplementary information for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

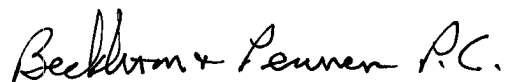
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Chamberino Mutual Domestic Water Consumer & Sewer Association, as of December 31, 2011, and the respective changes in financial position, and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison of the Chamberino Mutual Domestic Water Consumer & Sewer Association for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT, continued

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2014, on our consideration of Chamberino Mutual Domestic Water Consumer & Sewer Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Chamberino Mutual Domestic Water Consumer & Sewer Association has omitted the *Management's Discussion and Analysis (MD&A)* which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basis financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basis financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 7, 2014
Beckham & Penner P.C.
Certified Public Accountants

STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 88,376
Receivable from customers	1,216
Other Receivable	1,386
Prepaid insurance	3,173
Total current assets	<u>94,151</u>

Other Assets

Restricted cash - debt reserves	78,064
Capital assets not being depreciated	30,113
Capital assets (net of accumulated depreciation of \$220,118)	1,737,395
Intangible assets (net of accumulated amortization of \$25,883)	140,580
Total other assets	<u>1,986,152</u>

Total assets	<u><u>\$ 2,080,303</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable vendors	\$ 2,334
Accrued interest	277
Deferred Grant Revenue	36,596
Customer meter deposits	1,910
Notes payable, current portion	1,310
Total current liabilities	<u>42,427</u>

Long-Term Liabilities:

Notes payable, net of current portion	<u>106,421</u>
---------------------------------------	----------------

Net Assets:

Invested in capital assets, net of related debt	1,800,357
Restricted:	
Debt Service	21,312
Replacement Reserve	56,752
Unrestricted	53,034

Total net assets	<u>1,931,455</u>
------------------	------------------

Total liabilities and net assets	<u><u>\$ 2,080,303</u></u>
----------------------------------	----------------------------

See Independent Auditors' Report.
The Notes to Financial Statements are an integral part of these statements.

STATE OF NEW MEXICO
 CHAMBERINO MDWC & SA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Operating Revenues:	
Charges for services	\$ 76,840
Other revenues	19,500
Total operating revenues	<u>96,340</u>
Operating Expenses:	
Administrative fees and costs	29,960
System supply & maintenance	4,705
Utilities & electricity	6,693
Depreciation	35,947
Total operating expenses	<u>77,305</u>
Operating income (loss)	<u>19,035</u>
Non-Operating Revenues (Expenses):	
Gain on sale of capital assets	0
Interest income	548
Interest expense	<u>(4,074)</u>
Total non-operating revenues (expenses)	<u>(3,526)</u>
Income (loss) before capital contributions	<u>15,509</u>
Capital Contributions:	
Grant Revenues:	
State	0
Federal	599,682
Total capital contributions	<u>599,682</u>
Change in net assets	615,191
Net assets - beginning of year	1,316,264
Net assets - end of year	<u>\$ 1,931,455</u>

See Independent Auditors' Report.
 The Notes to Financial Statements are an integral part of these statements.

STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers & others	\$ 96,293
Cash paid to suppliers for goods and services	(42,534)
Cash paid to and on behalf of employees	0
Net cash provided by operating activities	<u>53,759</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(700,243)
Principal paid on notes payable	(2,269)
Interest paid on notes payable	(3,947)
Proceeds from capital grants	636,278
Proceeds from capital loans	7,255
Proceeds from sale of capital assets	0
Increase in customer meter deposits	35
Net cash used for capital and related financing activities	<u>(62,891)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	548
Net cash provided by investing activities	<u>548</u>

Net increase in cash (8,584)

Cash, Beginning of year 175,024

Cash, End of year \$ 166,440

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	19,035
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	35,947
Change in Assets and Liabilities:	
Change in accounts receivable	(185)
Change in prepaid insurance	(221)
Change in accounts payable	(817)
Net cash provided by operating activities	<u>\$ 53,759</u>

CASH ENDING:

Cash	88,376
Restricted cash	78,064
Total cash reported in the Statement of Net Assets	<u>\$ 166,440</u>

See Independent Auditors' Report.
The Notes to Financial Statements are an integral part of these statements.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview:

The Chamberino Mutual Domestic Water Consumer & Sewer Association (District) in Chamberino, New Mexico has been determined to be a governmental subdivision of the State of New Mexico and a body with all the powers of a public or quasi-municipal corporation.

The District has a Board of Directors that consists of five elected officials who are responsible for legislative and fiscal control of the District. The District has no employees and the board contracts with Anthony Water and Sanitation District for administrative and operation of the water system of the District. The purpose of the District is to provide water services for the users within and without the boundaries of the district.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The following is a summary of the significant policies:

Reporting Entity

Criterion for determining the entity for financial reporting purposes is whether the governing body (Board of Directors) exercises oversight responsibility. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based on the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

Basic Financial Statements

The District has only one fund. The operation of the District is to provide water services. This activity is accounted for in a proprietary fund, which is a business type activity, generally financed with fees charged to users. The operations of the fund are accounted for with a set of self balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses. The District does not have any governmental or fiduciary funds.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all applicable Financial Accounting Standard Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District has elected not to apply FASB pronouncements issued after November 30, 1989. After November 30, 1989, the District applies all relevant Governmental Accounting Standards Boards (GASB) pronouncements.

The financial statement reports were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used regardless of when the related cash flows take place. Operating income reported in the financial statements includes revenue and expenses related to the primary and continuing operation of the fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. Principal operating revenues are charges to customers for sales and services. The District also recognizes as operating revenue, connection fees intended to recover the cost of connecting new customers to the system. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants and investment earnings, result from nonexchange transactions. Grant revenues are recognized when the eligibility requirements are met. The reported net assets are segregated into invested in capital assets, net of related debt, restricted and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

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

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash is funds set aside in a separate bank account and restricted through a Board of Directors resolution as required by the USDA Rural Development, Rural Utilities Service debt agreements. See Note 6 and 8.

Accounts Receivable

Accounts receivable represents the amounts due from customers' water accounts. There is not an allowance for doubtful accounts because management considers all outstanding amounts are collectable.

Inventory

The district does not maintain any inventories consist of system parts and supplies. The Chamberino MWCA & SA pays for the parts and supplies as they are provided by Anthony Water and Sanitation District for the Chamberino system.

Capital Assets

Capital assets are valued at historical cost. The District defines capital assets as assets with lives greater than one year and a cost or donated value greater than \$5,000. Donated capital assets are valued at their estimated fair value on the date donated. Software is capitalized and depreciated through the equipment category. Repairs and maintenance are recorded as expenditures; improvements are capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment and Software	5 - 20 years
Buildings and System Improvements	20 - 50 years

Intangible Assets

Intangible assets consist of water rights. Intangible assets are recorded at cost and amortized over 50 years on a straight line basis.

STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

MDWC districts should follow procedures that are promulgated by the New Mexico Department of Finance and Administration, Local Government Division. The procedures established by the Department of Finance and Administration, Local Government Division, are not consistent with GAAP; budgets are adopted on the modified cash basis. Under the budgetary basis, principal payments on debt are considered expenditures, purchase of capital assets are expenditures and depreciation is not recognized as an expense. The Board approves the original budget at a public meeting for which legal notices are published. The public is invited to comment at the meeting. The original budget must be approved by the District's Board and the Local Government Division and may be subsequently amended. Local Government Division approval is required for any revisions that alter the total budgeted expenditures. Actual expenditures may not legally exceed the appropriations in total. Budget control for expenses is by category of line item. Formal budgetary integration is employed as a management control device. Appropriations lapse at the end of the fiscal year.

The District did not submit their annual budget to DFA for approval. The District did submit their annual budget to USDA Rural Development for approval.

Vacation and Sick Pay

The District does not have any employees or any policy to permit employees to accumulate any amount of earned but unused vacation benefits or amounts for accumulated sick leave.

Contributed Capital

On July 1, 2000, the District was required to adopt Governmental Accounting Standards Board's (GASB) Statement No.33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement requires governments to recognize capital contributions to proprietary funds as revenues, instead of contributed capital. Previously, grants, entitlements, shared revenue and the fair market value of donated property received by the District which were restricted for the acquisition or construction of capital assets were recorded as contributed capital.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

Use of Estimates

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

NOTE 2. CASH

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

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

Excess funds may be temporarily invested in securities which are issued by the state or by the United States Government, or by their departments or agencies, and which are either direct obligations of the state or the United States or are backed by the full faith and credit of those governments. State statutes authorize the investment of the District's funds in a variety of instruments including certificate of deposits and other similar obligations, state investment pool and money market accounts. The District is also allowed to invest in United States Government obligations. All funds of the District must follow the above investment policies.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2. CASH (continued)

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. According to the Federal Deposit Insurance Authority public unit, deposits are funds owned by the District. Interest bearing accounts of a public unit in an institution in the same state will be insured separate from the public unit's demand deposits at that same institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

The following schedule is designed to disclose the level of custodial credit risk assumed by the District based upon how its deposits were insured or secured with collateral at December 31, 2011.

Total of deposits in bank	\$ 220,819
Less FDIC coverage	<u>(220,819)</u>
Uninsured public funds	\$ -0-
Pledged Collateral held by the pledging bank's trust department or agent but not in the District's name	<u>(0)</u>
Uninsured and uncollateralized	\$ <u><u>-0-</u></u>

As of December 31, 2011, the District's bank balances were not exposed to custodial credit risk. The amount above identified as uninsured (\$-0-) is subject to custodial credit risk. This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2. CASH (CONTINUED)

The various bank account reconciliations are shown in the following schedule:

Account	Account Type	Balance Per Bank	Deposits in Transit	Outstanding Checks	Balance per Books
Water Operating	Demand	\$ 68,523	\$ 2,848	\$ 52,315	\$ 19,056
Construction Account	Demand	52,172	0	4,962	47,210
Reserve Account	Demand	78,014	50	0	78,064
Certificate of Deposit	Time	<u>22,110</u>	<u>0</u>	<u>0</u>	<u>22,110</u>
<i>Total amount of deposits</i>		<u>220,819</u>	<u>2,898</u>	<u>57,277</u>	
Total Reconciled Cash Balances					<u>\$166,440</u>
Reported in Financial Statements:					
Statement of Net Assets:					
Cash and cash equivalent					\$ 88,376
Restricted cash – debt reserve					<u>78,064</u>
Total cash per financial statements					<u>\$ 166,440</u>

NOTE 3. RECEIVABLES

Receivables from customers at year end totaled \$1,216 for services and water usage billed to customers in the ordinary course of operation.

The Other Receivables at year end \$1,386 is from NMFA for payments made by the District to NMFA in year 2011 that were refunded to the District by NMFA in year 2012.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4. CAPITAL ASSETS

Capital assets consisted of the following:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type capital assets, not being depreciated:				
Land, well sites, and easements	\$ 30,113	\$ 0	\$ 0	\$ 30,113
Construction in process	<u>106,263</u>	<u>615,600</u>	<u>721,863</u>	<u>0</u>
<i>Total capital assets, not being depreciated</i>	<u>136,376</u>	<u>615,600</u>	<u>721,863</u>	<u>30,113</u>
Business-type capital assets, being depreciated:				
Water System	1,126,970	721,863	0	1,848,833
Equipment	<u>24,037</u>	<u>84,643</u>	<u>0</u>	<u>108,680</u>
<i>Total business-type capital assets, being depreciated</i>	<u>1,151,007</u>	<u>806,506</u>	<u>0</u>	<u>1,957,513</u>
Less accumulated depreciation for:				
Water System	186,312	29,758	0	216,070
Equipment	<u>1,188</u>	<u>2,860</u>	<u>0</u>	<u>4,048</u>
<i>Total accumulated depreciated</i>	<u>187,500</u>	<u>32,618</u>	<u>0</u>	<u>220,118</u>
Assets being depreciated, net	<u>963,507</u>	<u>773,888</u>	<u>0</u>	<u>1,737,395</u>
<i>Business-type capital assets, Total</i>	<u>\$ 1,099,883</u>	<u>\$1,389,488</u>	<u>\$ 721,863</u>	<u>\$ 1,767,508</u>
<u>Intangible Assets</u>				
Water rights	\$ 166,463	\$ 0	\$ 0	\$ 166,463
Less accumulated amortization	<u>22,554</u>	<u>3,329</u>	<u>0</u>	<u>25,883</u>
<i>Intangible assets, net</i>	<u>\$ 143,909</u>	<u>(3,329)</u>	<u>\$ 0</u>	<u>\$ 140,580</u>
<i>TOTAL CAPITAL ASSETS</i>	<u>\$ 1,243,792</u>	<u>\$1,386,159</u>	<u>\$ 721,863</u>	<u>\$ 1,908,088</u>

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5. DEFERRED GRANT REVENUE

The District received a grant from USDA Rural Development during the year for \$636,278. The District spent \$599,682 during the year and held \$36,596 at year end as deferred revenue. The \$36,596 was utilized during year 2012.

NOTE 6. LONG-TERM DEBT

The District's long-term liabilities consist of the following:

Note payable, US Department of Agriculture Rural Development, Rural Utilities Services dated October 6, 2010, maturing November 6, 2049, payable in monthly installments of \$444.00, including interest at 3.75%, secured by the revenues of the water system.	\$107,731
---	-----------

The above note payable to the USDA Rural Development for the Water System Improvement Project was also partially funded by a \$636,278 grant from the USDA Rural Development. The loan/grant agreement with the USDA Rural Development requires a Debt Service Reserve Account be funded at the rate of \$44.40 per month until \$21,312 is accumulated in the account and a Replacement Reserve Account be funded at the rate of \$756.08 per month until \$119,400 is accumulated in the account. The funds may be withdrawn with the prior written approval of the Federal Government for repairs to the system caused by a catastrophe or for extensions or improvements to the system. The reserves have been funded in excess of the current required amounts of \$621.60 for the Debt Service Reserve and \$9,072.96 for the Replacement Reserve. As of 12/31/2011 the District had fully funded the Debt Service Reserve with \$21,312 and had \$56,752 in the Replacement Reserve.

TOTAL DEBT	107,731
Less current portion	1,310
Long-term liabilities	\$ 106,421

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 6. LONG-TERM DEBT, continued

Following is a summary of principal maturities of long-term liabilities:

	<u>Interest</u>	<u>Principal</u>
2012	\$ 4,018	\$ 1,310
2013	3,968	1,360
2014	3,916	1,412
2015	3,862	1,466
2016	3,806	1,522
2017-2021	18,112	8,528
2022-2026	16,357	10,283
2027-2031	14,240	12,400
2032-2036	11,687	14,953
2037-2041	8,608	18,032
2042-2046	4,895	21,745
2047-2049	<u>843</u>	<u>14,720</u>
	<u>\$ 94,312</u>	<u>\$ 107,731</u>

Changes in long-term debt activity for the year ended December 31, 2011, was as follows:

Balance of Note Payable, beginning of year		\$ 102,745
Final draw on loan funds during year		7,255
Loan Payments during year	\$ 6,216	
Less Interest portion of payments	<u>3,947</u>	
Principal paid during year		(2,269)
Balance of Note Payable, end of year		\$ <u>107,731</u>

NOTE 7. RISK MANAGEMENT

The District covers its insurance needs through various insurance policies. The coverage includes general liability, system and improvements, personal property, equipment, directors' and officers' liability, and bonds. The premiums paid on the policies during the fiscal year were \$3,773. If the District's losses exceed its premiums, there is no supplemental assessment; on the other hand, if the District's losses are low, they will not receive a refund. Therefore, except for deductible amounts, risk has been transferred to the insurance carrier.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 8. NET ASSETS

Net assets represent the difference between assets and liabilities. The net assets amounts at December 31, 2011 were as follows:

Invested in Capital Assets, Net of Related debt:	
Net property and equipment in service	\$ 1,908,088
Less: Notes payable	<u>107,731</u>
Invested in capital assets, net of related debt	<u>1,800,357</u>
Restricted – Debt Service:	
USDA Rural Development Debt Service Reserve	21,312
USDA Rural Development Replacement Reserve	<u>56,752</u>
Total Restricted	<u>78,064</u>
Unrestricted	53,034
	<u>53,034</u>
<i>Total net assets</i>	<u><u>\$ 1,931,455</u></u>

NOTE 10. BUDGETARY - GAAP REPORTING RECONCILIATION

Reconciliation between the Non-GAAP budgetary (cash) basis amounts and the GAAP (accrual) basis financial statements:

Revenues over Expenses on Budgetary Basis	(8,584)
Adjustments to revenue for receivables and other accruals	(36,411)
Adjustment to expenditures for payables and other accruals	911
Adjustment for depreciation	(35,947)
Adjustment for purchase of capital assets	700,243
Adjustment for capital loan received	(7,255)
Adjustment for principal payments on debt	2,269
Adjustment for change in customer meter deposits	<u>(35)</u>
<i>Change in net assets</i>	<u><u>615,191</u></u>

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 11. CONSTRUCTION PROJECTS IN PROGRESS

In year 2007, the District began to plan, design and construct improvements to the water system, which cost \$856,267. The project was financed with a state SAP grant of \$100,000, federal loan of \$110,000, federal grant of \$636,278, and District funds of \$9,989 which have all been received and \$819,671 was expended as of December 31, 2011. The remaining \$36,596 was expended in year 2012 and the project was completed.

NOTE 12. JOINT POWERS AGREEMENT

The District entered into a joint powers agreement with Anthony Water and Sanitation District (AWSD) to act as an agent for the District and be the primary community contact for all water applications, complaints, billing and collections or other customer issues. The agreement was entered into in prior year and shall be in effect annually with automatic one year renewals. The District pays \$10.00 per connection per month plus actual reimbursement of cost of system repairs and maintenance performed by AWSD. AWSD collects from customers for usage and is responsible for the operations of the system. The operating activities of the District and AWSD are included in the audit responsibilities of the entities respectively.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 CHAMBERINO MDWC & SA
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual on Budgetary <u>Basis</u>	Variance Favorable <u>(Unfavorable)</u>
RECEIPTS:				
Operating Revenues:				
Charges for services	\$ 59,486	\$ 59,486	\$ 76,828	\$ 17,342
Other revenues	-	-	19,500	19,500
Non-Operating Receipts:				
Interest income	608	608	548	(60)
Federal loan	110,000	110,000	7,255	(102,745)
Federal grant	636,278	636,278	636,278	-
Total Receipts	<u>806,372</u>	<u>806,372</u>	<u>740,409</u>	<u>(65,963)</u>
DISBURSEMENTS:				
Operating Expenses:				
Administrative costs	38,937	38,937	31,395	7,542
System operating cost	15,980	15,980	11,139	4,841
Non-Operating Disbursements:				
Debt payments - principal	2,269	2,269	2,269	-
Debt payments - interest	3,947	3,947	3,947	-
Capital outlay - grants & loans	746,278	746,278	700,243	46,035
Total Disbursements	<u>807,411</u>	<u>807,411</u>	<u>748,993</u>	<u>58,418</u>
Excess Receipts over (under) Disbursements	<u>\$ (1,039)</u>	<u>\$ (1,039)</u>	<u>\$ (8,584)</u>	<u>\$ (7,545)</u>
Beginning Unrestricted Cash	<u>\$ 175,024</u>	<u>\$ 175,024</u>	175,024	
Ending Unrestricted Cash			<u>\$ 166,440</u>	

See Independent Auditors' Report.
 The Notes to Financial Statements are an integral part of these statements.

COMPLIANCE SECTION

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

SOCORRO, NEW MEXICO 87801

PHONE 575/835-1091 FAX 575/835-1224

bppccpa@sdcc.org

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Mr. Hector Balderas, NM State Auditor and
The Board of Directors of
Chamberino MDWC & SA
Chamberino, New Mexico

We have audited the financial statements of the business-type activities of the Chamberino Mutual Domestic Water Consumer & Sewer Association (District), Chamberino, New Mexico, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 7, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS, continued*

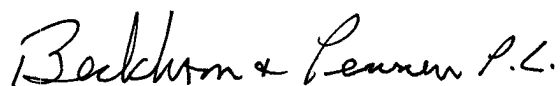
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as items: 2010-01, 2010-02, and 2011-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: 2010-01, 2010-02, and 2011-01.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Beckham & Penner P.C.
Socorro, New Mexico
February 7, 2014

Beckham & Penner, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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

SOCORRO, NEW MEXICO 87801

PHONE 575/835-1091 FAX 575/835-1224

bppccpa@sdcc.org

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Mr. Hector Balderas, NM State Auditor and
The Board of Directors of
Chamberino MDWC & SA
Chamberino, New Mexico

Compliance

We have audited Chamberino Mutual Domestic Water Consumer & Sewer Association (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Chamberino Mutual Domestic Water Consumer & Sewer Association (District), complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as item 2011-01.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133, continued

Internal Control over Compliance

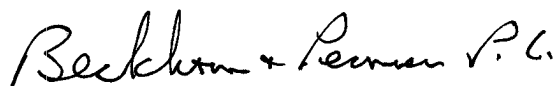
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Beckham & Penner P.C.
Socorro, New Mexico
February 7, 2014

STATE OF NEW MEXICO
 CHAMBERINO MDWC & SA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended DECEMBER 31, 2011

	<u>Federal CFDA Number</u>	<u>Federal Grant/Project Number</u>	<u>Federal Expenditures</u>
Federal Grants and Loans:			
Direct loan from the			
US Department Agriculture,			
Rural Development, Rural Utilities Service:			
Major Programs:			
Direct Loan - RUS (\$110,000 loan less prior year expenses \$17,743)	10.770	36-007-0742821227-91-06	\$ 92,257
Colonias Grant (\$636,278 grant less deferred revenue \$36,596)	10.770	36-007-0742821227-G1C05	\$ 599,682
 Total Expenditure of Federal Awards			 <u>\$ 691,939</u>

Notes to Schedule of Expenditures of Federal Awards:

1) Basis of Presentation:

The accompanying schedule of expenditures of federal awards (schedule) is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements, however, the information is presented in accordance with the requirements of OMB Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

- 2) The District did not provide any federal awards to sub-recipients grantees during the fiscal year.
- 3) The District did not receive any noncash assistance during the fiscal year.
- 4) The District had federal loans of \$107,731 outstanding at December 31, 2011.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total Schedule of Expenditures of Federal Awards	<u>\$ 691,939</u>
Notes to Financial Statements, page 16, Capital Assets:	
Water Improvement Project - Construction in Progress	615,600
Water Improvement Project - Equipment	84,643
Non-Federal Portion of Project Capital Expenditures	<u>(8,304)</u>
Federal Expenditures for Capital Assets	<u>\$ 691,939</u>

SEE INDEPENDENT AUDITORS' REPORT
 The Accompanying Notes Are An Integral Part Of These Financial Statements

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal Control over financial reporting: | |
| a. Material weakness identified? | NO |
| b. Significant deficiencies identified not considered to be material weaknesses? | YES |
| c. Noncompliance material to the financial statements noted | NO |

Federal Awards:

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | NO |
| b. Significant deficiencies identified not considered to be material weaknesses? | YES |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | NO |
| 4. Identification of major programs: | |
| <u>CFDA</u> | <u>Federal Program</u> |
| Number | |
| 10.770 | USDA Rural Development RUS - Direct Loan |
| 10.770 | USDA Rural Development RUS - Grant |
| 5. Dollar threshold used to distinguish between type A and B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | NO |

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

SUMMARY OF FINDINGS:

PRIOR YEAR FINDINGS:

Status

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

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

CURRENT YEAR FINDINGS:

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

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

FEDERAL AWARDS FINDINGS:

FA2011-01 Data Collection Form not timely submitted (Significant Deficiency)

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, 2012. 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.A establishes a due date of June 1 for the reports of special districts.

**STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

2010-01 TIMELINESS OF REPORT DELIVERED TO STATE AUDITOR

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 timely complete the report.

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.

2010-02 DFA BUDGET APPROVAL AND REPORTING

Statement of Condition:

Chamberino Water 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 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA2011-01 – Data Collection Form Not Timely Submitted (Significant Dificency)

Federal program information:

Funding agency:	U.S. Department of Agriculture
Title:	Rural Development – Colonias Grant
CFDA number:	10.770
Award year and number:	36-007-0742821227-G1C05

Condition: The District issued the Audit report subsequent to the June 1, 2012 deadline required by the State Auditor and subsequent to the September 30, 2012 deadline for submitting the data collection form required by OMB Circular A-133. The State Auditor received the report on February 7, 2014.

Criteria: The District is required to submit the data collection form for the year ended December 31, 2011 within earlier of 30 days after receipt of the audit report, or 9 months following the District’s fiscal year end, in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 when receiving federal funds in excess of \$500,000.

Questioned Costs: None

Cause: The District was unable to submit the December 31, 2011 audit report on a timely basis as a result of not having contracted with an auditor until after the due date.

Effect: The District is not in compliance with the U.S. Office of Management and Budget (OMB) Circular A-133 for entities receiving federal awards. Non-compliance with the reporting requirement of U.S. Office of Management and Budget (OMB) Circular A-133 may affect the District’s federal award future funding.

Auditors’ Recommendation: The District must ensure that all future audit reports are filed in a timely manner. The District should ensure this process is timely in the future through timely contracting with an auditor and communication with the auditor.

Management Response: The District will ensure that all future audit reports are filed in a timely manner. The District will ensure this process is timely in the future through timely contracting with an auditor and communication with the auditor.

STATE OF NEW MEXICO
CHAMBERINO MDWC & SA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

FINANCIAL STATEMENT PREPARATION:

The financial statements together with the related notes and supplementary information were prepared by Beckham & Penner, P.C. for the District as of and for the year ended December 31, 2011; however, management acknowledges and accepts responsibility for the financial statements.

EXIT CONFERENCE:

The exit conference was held February 7, 2014 and was attended by the following:

In attendance for the District:

Jose Luis Segura	Chairman
Jose Terrones	AWSD
Loren Schoonover	AWSD

In attendance for the Accountants:

Rick Penner, CPA	Accountant
------------------	------------