

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

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

DECEMBER 31, 2014

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
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December 31, 2014**

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**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
OFFICIAL ROSTER
DECEMBER 31, 2014**

The Chamberino Mutual Domestic Water Consumer & Sewer Association (Association) 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 association serves approximately 210 active meter customers.

BOARD OF DIRECTORS

Jose Luis Segura	President
Gloria Gonzales	Vice-Pres
Reyes Valtierra	Sec/Treas
Luis Castaneda	Member
Jaime Marquez	Member

AGREED UPON PROCEDURES SECTION

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

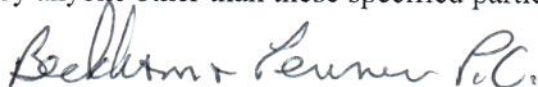
Mr. Timothy Keller, State Auditor,
And
Members of the Board of Directors
Chamberino Water MDWC & SA
Chamberino, New Mexico

We have performed the procedures described in the following Schedule of Agreed Upon Procedures for the Chamberino Water MDWC & SA (Association) for the year ended December 31, 2014, solely to assist the Association with respect to the Tier 4 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 Association and the New Mexico Office of the State Auditor. The Association's management is responsible for their financial records and presentation of the Tier 4 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).

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 New Mexico Office of the State Auditor, and the New Mexico Department of Finance and Administration – Local Government Division, and is not intended to be and should not be used by anyone other than these specified parties.



May 22, 2015
Beckham & Penner, P.C.
Certified Public Accountants

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF AGREED UPON PROCEDURES
AND RESULTS OF PROCEDURES
December 31, 2014**

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 pledged collateral on all 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. The Association does not have any investment, thus there were no investment statements.
- b) The bank reconciliations were accurate and agreed to the general ledger, supporting documentation and the financial reports submitted to DFA- Local Government Division,
- c) The pledged collateral requirements of Section 6-10-17 NMSA 1978, NM Public Money Act did not apply to the Association because all of their cash was fully insured by the FDIC coverage.

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF AGREED UPON PROCEDURES
AND RESULTS OF PROCEDURES
December 31, 2014**

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 Association 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.

Select a sample of revenues based on auditor judgment and test using 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.

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF AGREED UPON PROCEDURES
AND RESULTS OF PROCEDURES
December 31, 2014**

Procedure 4: Expenditures

Select a sample of cash disbursements based on auditor judgment and test using 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, contact 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).

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF AGREED UPON PROCEDURES
AND RESULTS OF PROCEDURES
December 31, 2014**

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: There were no non-routine general journal entries posted to the general ledger, The Association has procedures that require journal entries to be reviewed, however, there were no journal entries.

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.

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF AGREED UPON PROCEDURES
AND RESULTS OF PROCEDURES
December 31, 2014**

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 were approved by the Association and by DFA-LGD.
- 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 Association has only one fund) and it is presented following this report.

STATE OF NEW MEXICO
 CHAMBERINO WATER MDWC & SA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Year Ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances ACTUAL To Final BUDGET</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues:				
Water Sales	\$ 82,223	\$ 89,723	\$ 89,157	\$ (566)
Water Tap & Other	7,253	7,253	8,158	905
Interest Income	584	584	778	194
Total revenues	<u>90,060</u>	<u>97,560</u>	<u>98,093</u>	<u>533</u>
Expenditures:				
Current:				
Contractual Servises	28,129	31,929	31,901	28
Operating expenses	47,370	51,070	50,332	738
Debt - Service				
Loan Payments	5,488	5,488	5,328	160
Total expenditures	<u>80,987</u>	<u>88,487</u>	<u>87,561</u>	<u>926</u>
Revenues over (under) expenditures	<u>9,073</u>	<u>9,073</u>	<u>10,532</u>	<u>1,459</u>
Non-operating revenue (expenditures):				
State grants	-	-	-	-
Federal grants	-	-	-	-
Loan Reserve Received	-	-	9,073	9,073
Loan Reserve Contributions	(9,073)	(9,073)	(9,073)	-
Capital outlay expenditures	-	-	-	-
	<u>(9,073)</u>	<u>(9,073)</u>	<u>-</u>	<u>9,073</u>
Cash balance available to balance budget	<u>174,710</u>	<u>174,710</u>	<u>174,710</u>	<u>-</u>
Operating revenues and non-operating				
Revenues over (under) operating				
Expenses and non-operating expenses	<u>\$ 174,710</u>	<u>\$ 174,710</u>	<u>\$ 185,242</u>	<u>\$ 10,532</u>
Actual cash balances:	<u>12/31/2013</u>		<u>12/31/2014</u>	
Operating Account	31,616		24,139	
Operating Reserve Account	82,225		90,755	
Required Reserve Account	38,239		47,496	
Certificate of Deposit	22,630		22,852	
Total Cash Balance	<u>\$ 174,710</u>		<u>\$ 185,242</u>	

CHAMBERINO MDWC & SA YEAR END FINANCIAL REPORT
AS SUBMITTED TO DFA BY CHAMBERINO MDWC & SA

CHAMBERINO MDWC & SA
INCOME STATEMENT
For the Quarter Ending: December 31, 2014

REVENUE

	Total Budget	YTD This Year	% of Budget
Water Sales	\$89,723.28	\$89,157.14	99.37%
Tap Hook up Fees	6,516.05	5,923.02	90.90%
Customer Deposits	737.33	1,370.00	185.81%
Miscellaneous	583.50	865.00	148.24%
Interest		778.43	
TOTAL	\$97,560.16	\$98,093.59	100.55%

EXPENSES

El Paso Electric	\$7,200.00	\$ 7,350.03	102.08%
AWSD Contract	31,929.30	31,900.50	99.91%
AWSD Reimbursement	15,700.00	15,610.39	99.43%
Petty Cash	742.38	753.56	101.51%
Taxation & Revenue	5,747.85	5,323.90	92.62%
USDA Loan	5,487.84	5,328.00	97.09%
Loan Reserves	9,072.96	9,072.96	100.00%
San Luis Church (Hall Rental)	450.00	400.00	88.89%
State Public Regulation	10.00	10.00	100.00%
NM Office of State Engineer	25.00	25.00	100.00%
NM One Call	200.00	239.72	119.86%
Manuel Lujan Insurance	4,978.80	3,847.00	77.27%
Customer Deposits Refunds	92.03	148.87	161.76%
Postmaster	44.00	48.00	109.09%
Jose Luis Segura (per Diem)	1,000.00	873.47	87.35%
Water Conservation Fees	500.00	543.00	108.60%
NM Rural Water Association	180.00	180.00	100.00%
Check & Deposit Slip Order	500.00	115.82	23.16%
Donations	100.00	-	0.00%
Miscellaneous expense Ditch Maintenance		750.10	
Dona Ana County Treasurer		173.80	
Coppler Law Firm (Return Flow Application)		411.05	
Beckham & Penner, PC	13,600.00	13,541.75	99.57%
TOTAL	\$97,560.16	\$96,646.92	99.06%

SCHEDULE OF FINDINGD AND RESPONSES

&

EXIT CONFERENCE AND OTHER INFORMATION

**STATE OF NEW MEXICO
CHAMBERINO WATER MDWC & SA
SCHEDULE OF FINDINGS AND RESPONSES
EXIT CONFERENCE and OTHER INFORMATION
December 31, 2014**

PRIOR YEAR FINDINGS

STATUS

2010-002 DFA Budget Approval and Reporting (Non-Compliance)

Resolved

CURRENT YEAR FINDINGS

NONE

Preparation of Schedules

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

EXIT CONFERENCE

An exit conference was held on May 22, 2015, at the Chamberino Board room.

In attendance for the Association:

Jose Luis Segura	President
Jose Terrones	AWSD
Loren Schoonover	AWSD

In attendance for the Accountants:

Rick Penner, CPA	Accountant
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