

STATE OF NEW MEXICO
ELDORADO AREA WATER AND SANITATION DISTRICT
FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2012



**STATE OF NEW MEXICO
ELDORADO AREA WATER AND SANITATION DISTRICT
FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2012**

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Table of Contents
 June 30, 2012

	Exhibit / Schedule	Page
INTRODUCTORY SECTION		
Table of Contents		5
Directory of Officials		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		12-16
BASIC FINANCIAL STATEMENTS		
Statement of Net Assets	A	18-19
Statement of Revenues, Expenses and Changes in Net Assets	B	21
Statement of Cash Flows	C	22-23
Notes to the Financial Statements		25-37
SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenses and Changes in Net Assets Budget (Non-GAAP Budgetary Basis) and Actual	I	41
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	II	44
Schedule of Deposit and Investment Accounts	III	45
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>Government Auditing Standards</i>		48-49
Schedule of Findings and Responses	IV	50-51
OTHER DISCLOSURES		52

(This page intentionally left blank)

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Directory of Officials
June 30, 2012

<u>Name</u>	<u>Board</u>	<u>Title</u>
James Jenkins		President
Jerry Cooper		Vice President
Stephen Wust		Secretary
George Haddad		Director
Roberta Armstrong		Director
<u>Administrative Officials</u>		
Gene Schofield		Treasurer
David Denig-Chakroff		General Manager
Paul Butt		Financial Coordinator

(This page intentionally left blank)

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
and
Members of the Board of Directors
Eldorado Area Water and Sanitation District
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities of the Eldorado Area Water and Sanitation District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison presented as supplementary information for the year ended June 30, 2012, 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.

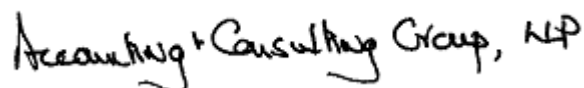
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

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 the District as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparison referred to above present fairly, in all material respects, the respective budgetary comparison for the year ended in conformity with the cash basis of accounting and more fully described in Note 3 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012 on our consideration of the District'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.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 12 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements of the business-type activities and budgetary comparison. The additional schedules listed as Supporting Schedules II through III in the table of contents are presented for purposes of additional analysis and are not a required part of the 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.



Accounting & Consulting Group, LLP
Albuquerque, NM
November 28, 2012

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Management's Discussion and Analysis
June 30, 2012

Introduction

As management of the Eldorado Area Water and Sanitation District (the "District"), the Board of Directors offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012.

Financial Highlights

Key events for the fiscal year 2012 are:

- The assets of the District exceeded liabilities at the close of the most recent fiscal year by \$13,990,507 (*total net assets*). The components of net assets include restricted net assets of \$2,224,485, unrestricted net assets of \$1,365,488, and assets invested in capital assets net of related debt, of \$10,400,534.
- The District's total reported net assets increased by \$777,211 compared to the prior year net assets, with an excess of revenues over total expenditures of \$786,561 which included a prior period restatement to net assets of \$9,350.
- As of June 30, 2012, the District had current and noncurrent assets totaling \$1,103,291 and \$25,034,073, respectively. Capital assets, net of accumulated depreciation, totaled \$21,243,682. Current liabilities include \$53,450 in customer deposits, \$42,918 in accounts payable, \$265,364 in interest payable, \$3,814 in accrued payroll expenses, \$56,707 in loans payable, and \$610,000 in current bonds payable. Noncurrent liabilities include \$1,265,196 in loans payable, and \$9,845,000 in G.O. and revenue bonds payable.

Overview of the Financial Statements

The District is a special purpose government agency engaged only in business-type activities. Therefore, in accordance with GASB Statement No. 34, the District's financial statements are comprised of two components:

1. Government-wide enterprise fund financial statements consisting of:
 - a. Statement of net assets;
 - b. Statement of revenues, expenses and changes in net assets;
 - c. Statement of cash flows; and,
 - d. Notes to the financial statements
2. A budgetary comparison presented as supplementary information

These financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during the most recent Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in *cash flows only in future fiscal periods (e.g., uncollected taxes and accounts payable)*.

The Statement of Cash Flows presents information on how the District's cash was used. It shows net cash used by or provided by operating activities, capital financing activities, noncapital financing activities and investing activities. It also reconciles beginning cash balances to ending cash balances.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Management's Discussion and Analysis
 June 30, 2012

Overview of the Financial Statements-(continued)

The Budgetary Comparison compares current period activity on a budgetary basis of accounting to the legally adopted budget. In general, the amounts presented in the budgetary comparison statement will agree with amounts presented in the statement of revenues, expenses and changes in fund net assets. This is because the District prepares its budget on the accrual basis of accounting with the exception of depreciation, amortized bond issuance costs and principal payment on debt and, accordingly, amounts presented in the budgetary comparison statement are on the non-GAAP budgetary basis of accounting. The budgetary comparison statement has been presented as supplementary information to demonstrate compliance with state budget law.

Government-Wide Financial Analysis – Broad Overview of Finance

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, a positive net asset balance (assets exceeding liabilities) of \$13,990,507 is reported at the close of the most recent Fiscal Year.

Included in assets is cash remaining from the sale of revenue bonds that is restricted for debt service. The District reports \$1,365,448 of net assets as unrestricted.

Overview of the Statement of Net Assets

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Assets:			
Current assets	\$ 1,103,291	\$ 958,969	\$ 144,322
Capital assets, net	21,243,682	21,444,610	(200,928)
Other assets	3,790,391	3,712,349	78,042
Total Assets	<u>26,137,364</u>	<u>26,115,928</u>	<u>21,436</u>
Liabilities:			
Current liabilities	1,036,661	1,123,687	(87,026)
Noncurrent liabilities	11,110,196	11,778,945	(668,749)
Total liabilities	<u>12,146,857</u>	<u>12,902,632</u>	<u>(755,775)</u>
Net Assets:			
Invested in capital assets, net of related debt	10,400,534	10,004,171	396,363
Restricted	2,224,485	2,056,902	167,583
Unrestricted	1,365,488	1,152,223	213,265
Total net assets	<u>13,990,507</u>	<u>13,213,296</u>	<u>777,211</u>
Total liabilities and net assets	<u>\$ 26,137,364</u>	<u>\$ 26,115,928</u>	<u>\$ 21,436</u>

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Management's Discussion and Analysis
June 30, 2012

Government-Wide Financial Analysis – Broad Overview of Finance (continued)

Overview of the Statement of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Revenues:			
Water sales (net of uncollectible amounts)	\$ 2,409,508	\$ 2,370,707	\$ 38,801
Ad valorem tax	1,036,492	1,026,284	10,208
Intergovernmental grants	74,992	483,162	(408,170)
Interest income	5,116	3,459	1,657
Total Revenues	<u>3,526,108</u>	<u>3,883,612</u>	<u>(357,504)</u>
Expenses:			
Water and sanitation	1,989,144	2,044,028	(54,884)
Bond interest expense	699,706	731,192	(31,486)
Amortization of bond issue costs	50,697	50,697	-
Total Expenses	<u>2,739,547</u>	<u>2,825,917</u>	<u>(86,370)</u>
Increase in net assets	786,561	1,057,695	(271,134)
Total net assets, beginning of year	13,213,296	2,784,584	10,428,712
Restatement	(9,350)	9,371,017	(9,380,367)
Total net assets - end of year	<u>\$ 13,990,507</u>	<u>\$ 13,213,296</u>	<u>\$ 777,211</u>

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Management's Discussion and Analysis
June 30, 2012

Financial Analysis of the District's Funds and Fiscal Year 2012 Budgetary Highlights

As noted above, net assets increased by \$777,211 from fiscal year 2011 to fiscal year 2012. Total revenues decreased by \$357,504, primarily owing to a decrease intergovernmental grant revenue for the year of \$408,170 and an increase in water sales of \$38,801. In fiscal year 2012, water sales were \$2,409,508. However, total expenses also decreased in fiscal year 2012 to \$2,739,547, a decrease of \$86,370 from the fiscal year 2011 expenses of \$2,825,917.

Other highlights of FY 2012 financial activities include:

- Approximately \$1,332,941 was spent on debt service during the year.
- Two Engineering services contracts were issued. One is for planning, design and oversight of construction of capital projects identified as urgently necessary in prior periods. The other is for research, analysis and preparation of an updated Utility System Master Plan. The new Master Plan will be used as the basis for capital projects in FY2013 and beyond.
- The Financial Coordinator and Legal services contracts were reissued.
- A new contract for Project Management services intended to support District capital projects in FY2013 and beyond was issued.
- The contract for Operations and Management Services was renewed.

A review of budget vs. actual performance shows that the District's actual expenses were under budgeted expenses by \$838,695. On the revenue side, ad valorem tax revenue was less than budgeted by \$18,365 and water sales were less than budgeted by \$87,132. A detailed breakout of budget vs. actual revenue and expenses can be found in the supplementary section of this report.

The board believes that the District is in good financial shape at the close of the fiscal year 2012. From July 01, 2011 through June 30, 2012, District deposits from water sales averaged \$209,339 per month.

Capital Asset Administration

The District's investment in capital assets for business-type activities as of June 30, 2012 totals \$21,243,682 (net of accumulated depreciation). Major capital events during the fiscal year included the following:

- The District added \$39,257 in improvements to Water Utility – Well 18, increasing the total balance of the asset from \$1,025,756 to \$1,065,013.
- In FY2012 the District initiated two projects to improve water delivery service in the Old Road Ranch area. Construction in progress as of June 30, 2012 is \$100,694. The projects will be completed by the end of FY2013.
- The District met its goal of replacing a minimum of 200 customer meters per fiscal year, which is necessary in order not to exceed a service life of 15 years for each meter.

Long-Term Debt Administration

During Fiscal Year 2005, the District sold \$5,800,000 in water utility revenue bonds, \$210,000 of which was paid in fiscal year 2012. During FY 2004, the District sold \$7,895,000 in general obligation bonds, of which \$360,000 was paid during fiscal year 2012. On July 16, 2010, the District authorized and executed a loan agreement with the New Mexico Mortgage Finance Authority (NMFA) through resolution in the amount of \$1,433,759 for the purpose of financing water system improvements and infrastructure. Loan payments are due to NMFA monthly until June 1, 2030. The blended interest rate over the term of the loan is 3.967%. More information about the District's debt is presented in Note 10 of this report.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Management's Discussion and Analysis
June 30, 2012

Financial Outlook for Next Year

The District's approved budget for fiscal year 2013 includes revenues of \$2,570,453 (operating) plus \$1,021,181 (property tax revenue) and cash balances of \$2,956,724. Proposed expenses include \$2,656,153 (operating and capital projects funded from water sales revenue), \$934,342 (capital projects funded from the 2010 PPRF Loan 2469), \$1,285,000 (capital projects funded from property taxes), plus \$743,125 (GO bond debt service plus administrative expense).

Requests for Information

This financial report is designed to provide a general overview of the Eldorado Area Water and Sanitation District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Eldorado Area Water and Sanitation District, 1 Caliente Road Suite F, Santa Fe, NM 87508.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Statement of Net Assets
 June 30, 2012

Exhibit A

	<u>Business-Type Activities</u>
<i>Assets</i>	
<i>Current assets</i>	
Cash and cash equivalents	\$ 108,634
Investments	546,375
Ad valorem taxes receivable	37,385
Accounts receivable, net of allowance for doubtful accounts	387,646
Prepaid expenses	23,251
<i>Total current assets</i>	<u>1,103,291</u>
<i>Noncurrent assets</i>	
Restricted cash:	
Unspent loan proceeds	933,755
Meter deposits	53,450
Debt service	631,085
Restricted investments:	
Debt service	229,109
Cost of utility acquisition and improvements	1,285,147
Water rights acquisition	78,625
LGIP-reserve contingency funds	519
Capital assets, net of accumulated depreciation	21,243,682
Deferred bond issue costs, net of accumulated amortization	578,701
<i>Total noncurrent assets</i>	<u>25,034,073</u>
<i>Total assets</i>	<u><u>\$ 26,137,364</u></u>

The accompanying notes are an integral part of these financial statements

	<u>Business-Type Activities</u>
<i>Liabilities and net assets</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 42,918
Interest payable	265,364
Accrued payroll expenses	3,814
Compensated absences	4,408
Customer deposits	53,450
Loans payable-NMFA	56,707
General obligation bonds payable	385,000
Revenue bonds payable	225,000
<i>Total current liabilities</i>	<u>1,036,661</u>
<i>Noncurrent liabilities</i>	
Loans payable-NMFA	1,265,196
General obligation bonds payable	5,370,000
Revenue bonds payable	4,475,000
<i>Total noncurrent liabilities</i>	<u>11,110,196</u>
<i>Total liabilities</i>	<u>12,146,857</u>
<i>Net assets</i>	
Invested in capital assets, net of related debt	10,400,534
Restricted for:	
Cost of utility acquisition and improvements	1,285,147
Water rights acquisition	78,625
Debt service	860,194
LGIP-reserve contingency funds	519
Unrestricted	1,365,488
<i>Total net assets</i>	<u>13,990,507</u>
<i>Total liabilities and net assets</i>	<u>\$ 26,137,364</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

Exhibit B

	Business-Type Activities
<i>Operating revenues</i>	
Water sales	\$ 2,409,508
<i>Total operating revenues</i>	2,409,508
<i>Operating expenses</i>	
Contractual services	1,051,999
Depreciation	422,322
Other operating costs	327,034
Personnel services	178,347
Supplies	3,289
Water conservation fee	5,217
Travel	936
<i>Total operating expenses</i>	1,989,144
<i>Operating income</i>	420,364
<i>Non-operating revenues (expenses)</i>	
Ad valorem tax	1,036,492
Interest income	5,116
Bond interest expense	(699,706)
Amortization of bond issue costs	(50,697)
<i>Total non-operating revenues (expenses)</i>	291,205
Income before contributions	711,569
Capital grants	74,992
<i>Total capital grants</i>	74,992
<i>Change in net assets</i>	786,561
<i>Total net assets, beginning of year, as originally reported</i>	13,213,296
<i>Net assets, restatement (note 13)</i>	(9,350)
<i>Total net assets, beginning of year, as restated</i>	13,203,946
<i>Total net assets, end of year</i>	\$ 13,990,507

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Statement of Cash Flows
For the Year Ended June 30, 2012

	Business-Type Activities
<i>Cash flows from operating activities</i>	
Cash received from customers	\$ 2,526,460
Cash paid to suppliers and contractors	(1,513,388)
Cash paid to employees for services	(177,087)
	835,985
<i>Cash flows from noncapital financing activities</i>	
Ad valorem taxes received	1,034,203
	1,034,203
<i>Cash flows from capital and financing activities</i>	
Intergovernmental capital grants received	74,992
Purchase of capital assets	(221,394)
Bond and loan principal payments	(633,235)
Bond interest payments	(709,967)
	(1,489,604)
<i>Cash flows from investing activities</i>	
Purchase of investments	(440,903)
Interest income	5,116
	(435,787)
<i>Net increase in cash and cash equivalents</i>	(55,203)
<i>Cash and cash equivalents - beginning of year</i>	1,782,127
<i>Cash and cash equivalents - end of year</i>	\$ 1,726,924

The accompanying notes are an integral part of these financial statements

	<u>Business-Type Activities</u>
<i>Reconciliation of operating income to net cash provided by operating activities</i>	
Operating income	\$ 420,364
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	422,322
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	116,952
(Increase) decrease in prepaid expenses	(2,024)
Increase (decrease) in accounts payable	(110,639)
Increase (decrease) in accrued payroll expenses	645
Increase (decrease) in compensated absences	615
Increase (decrease) in customer deposits	<u>(12,250)</u>
Net cash provided by operating activities	<u>\$ 835,985</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 1. HISTORY AND ORGANIZATION

The Eldorado Area Water and Sanitation District (the District) was organized pursuant to Sections 73-21-1 through 73-21-55, NMSA, 1978 Comp, and by order of the New Mexico First Judicial District Court in Santa Fe County, New Mexico on July 3, 1997. The District is 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 was created for the statutory purpose of providing water, sewer and other services to residents within the District's boundary. An elected five-member Board of Directors governs the operations of the District.

On January 1, 2003 and March 28, 2003, the District authorized resolutions for the issuance of Utility Acquisition and Improvement General Obligation Bonds to obtain funding for the acquisition of the utility and for necessary utility improvements. Utility Acquisition and Improvement General Obligation Bonds, in the amount of \$7,900,000 were issued on January 1, 2004.

On February 10, 2004, the District filed, in the First Judicial District Court, a condemnation action against El Dorado Utilities, Inc. (EUI), seeking to acquire the water utility through exercise of the District's powers of eminent domain. Initially, the District asked the Court to permit immediate possession by the District. The case was heard in May 2004 but the judge denied immediate possession. The judge, however, set up a jury trial for September, 2004, to resolve the valuation of the water system.

On September 22, 2004, the jury empanelled to determine just compensation in the condemnation action determined that the fair market value of the utility was \$11,047,128, which was 75% greater than the actual value for which the utility was offered for sale on the open market. The District's board was informed that abandonment of the condemnation action would mean that the District would not acquire the utility and could result in a requirement that the District pay the utility owner's reasonable costs and attorney fees incurred in the condemnation action, without benefit to the District or the District's ratepayers.

On September 30, 2004 the District's board resolved to continue its efforts to acquire the utility at a reasonable purchase price, which would not, in any event, be greater than the amount of the jury verdict plus any reasonable interest thereon. The District's attorneys were instructed to take such actions as are legally reasonable and appropriate to seek a reversal or downward modification of the jury determination, including but not limited to, an appeal of the district court decision. The District's officers were instructed to seek additional funding in such amounts as may be necessary to pay the purchase price of the utility. The District's officers were further instructed to advise the owner of the utility of the District's intentions and to seek, if possible, a negotiated settlement of all issues so that the District may acquire the utility in the most expeditious manner possible, at a reasonable price.

On December 1, 2004, the District took possession of the water utility. Between that date and May 24, 2005, the District worked on obtaining additional funding to purchase the utility. Water Utility Revenue Bonds, in the amount of \$5,800,000 were issued and on May 27, 2005, the District completed the acquisition of the water utility at an adjudicated price of \$11,216,996.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted (US GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing US GAAP for state and local government accounting and financial reporting principles.

The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes US GAAP for state and local government units. The more significant of the District's accounting policies are described below. Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and interpretations, APB opinions, and ARBS of the Committee on Accounting Procedure. FASB statements and interpretations issued after November 30, 1989 have not been applied.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis-For State and Local Governments*. This Statement provided for the most significant change in financial reporting in over twenty years and was phased in based on size of government. As required, the District implemented the provisions of GASB No. 34, effective July 1, 2001 and also, as required, implemented GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*.

GASB Statement No. 37 clarified and modified Statement No. 34, while GASB Statement No. 38 modified, established and rescinded certain financial statement disclosure requirements. As part of these statements, there was a new reporting requirement regarding the District's infrastructure (roads, bridges, etc.). The District does not own any infrastructure and, therefore, was unaffected by this requirement.

A. Financial Reporting Entity

The District is a special-purpose government created pursuant to statute and is comprised of an elected Board of Directors. The officers of the District are elected for four-year terms on the second Tuesday in January of each odd-numbered year at staggered two-year intervals. The District is a governmental subdivision of the State of New Mexico and a body with all the powers of a public or quasi-municipal corporation and these financial statements include all funds and activities over which the District officers have oversight responsibility.

The officers of the District have decision-making authority, the power to designate management, the responsibility to significantly-influence operations and primary accountability for fiscal matters. The District is not included in any other governmental reporting entity as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. There are no component units.

B. Basic Financial Statements - GASB Statement No. 34

The GASB No. 34 reporting model focus is on either the District, as a whole, or major individual funds (within the fund financial statements). The District is a single-program government that engages in only business-type activities and has no component units.

Pursuant to GASB Statement No. 34, governments engaged only in business-type activities present only the financial statements for enterprise funds. For these governments, basic financial statements consist of: (a) enterprise fund financial statements consisting of the statement of net assets, the statement of revenues, expenses and changes in fund net assets and the statement of cash flows, and (b) notes to the financial statements. The enterprise fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Enterprise fund equity is classified as net assets. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first uses restricted resources and then unrestricted resources.

C. Basis of Presentation -Fund Financial Statements

The accounts of the District are organized on the basis of one fund that is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Government resources are allocated to and accounted for in the fund based upon the purpose for which spending activities are controlled. In this report, the fund is presented in the financial statements as a proprietary fund.

The *Enterprise Fund* is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise -where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when earned and expenses are recognized when the liability is incurred or the economic asset is used. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District include management's estimate of the allowance for uncollectible accounts for water sales and depreciation on assets over their estimated useful lives.

F. Assets, Liabilities, Net Assets or Equity, Revenues and Expenses

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

State statutes authorize the district to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Ad Valorem Taxes: The Board of Directors has the power and authority to levy and collect ad valorem taxes on and against all taxable property within the District. Each year the Board of Directors determine the amount of money necessary to be raised by taxation, taking into consideration other sources of revenue of the District, and submits a budget request to the Department of Finance and Administration, Local Government Division (DFA-LGD) sufficient to meet its operating, debt service, construction and other costs. The DFA-LGD utilizes property valuations obtained from the county assessor's office to set the mil levy. The results are provided to the county treasurer who presents all county-wide mil levies to the Board of County Commissioners for approval by October 1. The Board of County Commissioners levies the tax upon the assessed valuation of all taxable property within the District. Taxes levied are due one-half on November 10 and one-half on April 10. It is the duty of the Board of County Commissioners to levy taxes within the District. The County Treasurer collects the taxes and remits such taxes to the District. All taxes levied, until paid, constitute a perpetual lien on and against the property taxed.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Bond Issuance Costs: The District amortizes bond issuance costs using the straight-line method over the life of the bonds. Unamortized bond issuance costs are reported as deferred charges.

Restricted Assets: Restricted assets consist of those funds expendable for the operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

Capital Assets: Capital assets are tangible assets that have initial useful lives that extend beyond a single reporting period. Capital assets are reported at historical cost or estimated fair value, if donated. Capital assets are depreciated using zero salvage value and the straight-line method over their estimated useful lives. Before the 2005 legislative session, only items costing more than \$1,000 were capitalized.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Net Assets or Equity, Revenues and Expenses (continued)

Capital Assets (continued): Effective June 19, 2005, House Bill 1074 amended Section 12-6-10, NMSA 1978, to increase the capitalization threshold to items costing more than \$5,000. The major classifications of capital assets and their related depreciable lives are as follows:

<u>Assets</u>	<u>Years</u>
Water utility – original	30
Water utility – improvements	7-30
Water utility – Well 17	30
Vehicles	5
Furniture and fixtures	15
Office equipment (including software)	3

The District's water system is depreciated on a straight-line basis over its useful life. G.O. and Revenue Bonds are debt related to the acquisition of the water utility system.

Operating Revenues and Expenses: Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues are all other revenues. For the District, non-operating revenues include ad valorem taxes (property), miscellaneous income and interest income.

Net Asset Classifications: Invested in capital assets, net of related debt represent the historical cost of assets or fair value on the date of receipt less accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Water and Sanitation Districts follow procedures that are promulgated by the Department of Finance and Administration, Local Government Division (DFA-LGD). Those procedures are as follows:

1. In March and April the Treasurer, assisted by the District Financial Coordinator, develop a proposed initial operating budget for the upcoming fiscal year commencing July 1. The proposed initial operating budget is presented to the Board for review and update in April. Changes to the proposed budget are made accordingly.
2. In the first Board meeting in May, the Board holds a public meeting to present the proposed initial operating budget to the communities served and to hear public comment regarding the proposed budget.
3. Any changes directed by the Board are made to the proposed initial budget, which the treasurer then submits to the Board for approval at a second Board meeting in May. The operating budget includes proposed expenditures and the means of financing them.
4. After the Board approves the proposed initial budget, it is then submitted to the DFA-LGD for review and certification in time to meet the DFA-LGD deadline of June 1.
5. DFA-LGD returns the approved initial budget on the first Monday in July. Fiscal year end cash balances and any final budget adjustments are then posted to the initial budget to produce the District's final budget, which must be submitted to DFA-LGD by July 30.

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Notes to the Financial Statements
 June 30, 2012

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

6. Upon certification by the DFA-LGD, the budget becomes a legally binding document which does not allow total expenditures in any fund to exceed the amount budgeted.
7. The Board is authorized to make budget revisions with the DFA-LGD's approval.
8. Formal budgetary integration is employed as a management control device during the year.

Budgets for revenues and most expenses are adopted on a Non-GAAP basis of cash receipts and disbursements due to the District not budgeting for depreciation expense or amortized issuance costs related to its outstanding debt and budgeting principal payments on its outstanding bonds; consequently, certain revenues and the related assets (receivables) are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. Budgetary comparisons in this report are presented on the Non-GAAP budgetary basis.

The budgetary information presented in these financial statements has been properly amended by the District's board in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Fund:		
Water utility	\$ (1,051,335)	\$ (312,222)

NOTE 4. DEPOSITS AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The District is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking 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 collateralized as required by statute.

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 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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state were insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage on non-interest bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2012 accounts held by an official custodian for a government unit are insured up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and unlimited coverage for non-interest-bearing transaction (demand deposit) accounts. Through July 20, 2012 there is no difference in deposits insurance coverage when an official custodian deposits money in-state or out-of-state.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 4. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statues 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.

As of June 30, 2012, \$56,538 of the District’s bank balance of \$306,538 was exposed to custodial credit risk. \$56,538 was collateralized by securities held by pledging institutions or by its trust department or agent in other than the District’s name, and none was uninsured and uncollateralized at June 30, 2012. Bank accounts were collateralized as follows:

	First National Bank of Santa Fe
Amount of deposits	\$ 306,538
FDIC Coverage	(250,000)
Total uninsured public funds	56,538
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	
	56,538
Uninsured and uncollateralized	-
Collateral requirement (50% of uninsured funds)	
	28,269
Pledged Collateral	884,627
Over (Under) collateralized	\$ 856,358

The collateral pledged is listed on schedule II of this report. The types of collateral 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.

Investments

Credit Risk

As of June 30, 2012s, the District’s investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor’s.

The New MexiGROW Local Government Investment Pool’s (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP’s investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in U.S Treasury Money Market Mutual Funds represent 42% of the investment portfolio. The investments in LGIP represent 57% of the investment portfolio.

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Notes to the Financial Statements
 June 30, 2012

NOTE 4. DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2012 the District had the following investments and maturities:

Investment Type	Rating	Fair Value	Weighted Average Maturity
State Treasurer:			
Local Government Investment Pool			
Property Tax Revenue - G.O. Bonds	AAAm	\$ 229,109	60 Days
Utility Acquisition and Improvement	AAAm	1,285,147	60 Days
Operating Reserve	AAAm	546,375	60 Days
Reserve contingency funds	AAAm	519	60 Days
Restricted LGIP Water Rights	AAAm	78,625	60 Days
U.S. Treasury MM Mutual Fund**	AA+	<u>1,566,752</u>	<90 days
Total investments		<u>\$ 3,706,527</u>	

**These U.S. Treasury MM Mutual Fund amounts are classified as cash equivalents on the statement of net assets due to their weighted average maturity of less than 90 days, but for disclosure purposes the amounts are considered investments

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District follows state law with investment activities.

Reconciliation to the Statement of Net Assets

Cash and cash equivalents - Exhibit A	\$ 108,634
Restricted cash-Unspent loan proceeds-Exhibit A	933,755
Restricted cash-Meter deposits-Exhibit A	53,450
Restricted cash-Debt service-Exhibit A	631,085
Investments - Exhibit A	546,375
Restricted Investments-debt service-Exhibit A	229,109
Investments-cost of utility acquisition and improvements-Exhibit A	1,285,147
Investments-water rights acquisition-Exhibit A	78,625
Investments-LGIP-reserve contingency funds-Exhibit A	<u>519</u>
Total cash, cash equivalents and investments	3,866,699
Add: outstanding checks	146,366
Less: investments in NM State Treasurer's LGIP	(2,139,775)
Less: investments in U.S. Treasury MM Mutual Fund	<u>(1,566,752)</u>
Bank Balance of Deposits	<u>\$ 306,538</u>

NOTE 5. AD VALOREM TAXES RECEIVABLE

At year-end, the receivables represent current and delinquent taxes. The District considers the amount fully collectible and therefore has not estimated the amount of taxes levied that will be uncollectible. Taxes receivable are as follows:

Ad valorem taxes receivable	<u>\$ 37,385</u>
-----------------------------	------------------

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 6. ACCOUNTS RECEIVABLE

Accounts receivable is water utility revenue billed and unbilled but uncollected. The District has estimated that \$168,821 of the current account receivable balance will be uncollectible. Accounts receivable and the allowance for doubtful accounts are as follows:

Accounts receivable	\$ 556,467
Less: Allowance for doubtful accounts	<u>(168,821)</u>
Net accounts receivable	<u>\$ 387,646</u>

NOTE 7. PREPAID EXPENSES

The District prepaid directors' and officers' liability and property insurance, prepaid rent, and other prepaid items totaling \$23,251 as of June 30, 2012.

NOTE 8. CHANGES IN CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2012. Land, easements, water rights, and construction in progress are not subject to depreciation.

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets Not Depreciated:				
Land	\$ 463,000	\$ -	\$ -	\$ 463,000
Easements	459,548	-	-	459,548
Water Rights	11,751,450	-	-	11,751,450
Construction In Progress	-	100,694	-	100,694
Capital Assets Depreciated:				
Water utility - original	7,914,015	-	-	7,914,015
Water utility - improvements	746,389	75,548	-	821,937
Water utility- Well 17	856,880	-	-	856,880
Water utility- Well 18	1,025,756	39,257	-	1,065,013
Vehicles	116,518	-	-	116,518
Furniture and fixtures	16,436	-	-	16,436
Office equipment	107,326	5,895	-	113,221
Total Capital Assets	<u>23,457,318</u>	<u>221,394</u>	<u>-</u>	<u>23,678,712</u>
Accumulated Depreciation:				
Water utility - original	1,608,099	263,801	-	1,871,900
Water utility - improvements	191,533	68,873	-	260,406
Water utility- Well 17	89,848	28,562	-	118,410
Water utility- Well 18	1,499	35,318	-	36,817
Vehicles	93,270	10,131	-	103,401
Furniture and fixtures	4,665	1,096	-	5,761
Office equipment	23,794	14,542	-	38,336
Total Accumulated Depreciation	<u>2,012,708</u>	<u>422,322</u>	<u>-</u>	<u>2,435,030</u>
Total Capital Assets, net	<u>\$ 21,444,610</u>	<u>\$ (200,928)</u>	<u>\$ -</u>	<u>\$ 21,243,682</u>

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 8. CHANGES IN CAPITAL ASSETS-(continued)

Depreciation expense for the year totaled \$422,322. G.O. and Revenue Bonds were sold to finance the acquisition of the water utility in fiscal years 2004 and 2005, respectively.

NOTE 9. ACCOUNTS PAYABLE

Accounts payable consists of \$42,918 due for contractual services, various operating costs and gross receipts tax on water sales.

NOTE 10. LONG-TERM DEBT

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the statement of net assets:

	Balance June 30, 2011	Prior Year Restatement	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Business-type activities						
Bonds:						
General obligation bonds- Series 2004	\$ 6,115,000	\$ -	\$ -	\$ 360,000	\$ 5,755,000	\$ 385,000
Water Utility System Revenue Bonds- Series 2005	4,910,000	-	-	210,000	4,700,000	225,000
Subtotal bonds	<u>11,025,000</u>	<u>-</u>	<u>-</u>	<u>570,000</u>	<u>10,455,000</u>	<u>610,000</u>
New Mexico Finance Authority Loans	1,375,788	9,350	-	63,235	1,321,903	56,707
Accrued compensated absences	<u>3,793</u>	<u>-</u>	<u>9,455</u>	<u>8,840</u>	<u>4,408</u>	<u>4,408</u>
Total	<u>\$ 12,404,581</u>	<u>\$ 9,350</u>	<u>\$ 9,455</u>	<u>\$ 642,075</u>	<u>\$ 11,781,311</u>	<u>\$ 671,115</u>

General Obligation Bonds – Series 2004

On August 20, 2002, the qualified electors of the District approved a proposal authorizing the District to issue general obligation bonds in an aggregate sum not to exceed \$7,900,000 for the acquisition of the Eldorado Utilities, Inc. water utility system, the acquisition of additional wells and water rights, and other necessary improvements to the system. The District's General Obligation Utility Acquisition and Improvement Bonds, Series 2004, were authorized by the Board of Directors of the District by resolutions adopted January 31, 2003 and March 28, 2003. The District issued bonds totaling \$7,895,000, dated January 1, 2004 and due February 1, 2023.

The Board of Directors of the District, by resolution 05-05-16 adopted on May 23, 2005, amended and restated the resolution of March 28, 2003 (03-01-03). The 2005 resolution amended the optional redemption provisions relating to the Series 2004 bonds and provided for issuance of a replacement bond reflecting this and other technical amendments (corrections to statement of final maturity date, statement of maximum allowable imposition of ad valorem property taxes by the District, statement that the District would impose additional taxes if necessary to ensure timely payment of the Series 2004 bond debt service).

As a condition for purchase of the 2005 series Revenue bonds (See Water Utility System Revenue Bonds – Series 2005, below) the bond purchaser, who is the sole owner of the 2004 bonds, required that the 2004 series replacement bond significantly extend the pre-payment penalty period. The initial bond allowed optional redemption at 102% premium beginning 2/1/2008, declining to 101% beginning 2/1/2009 and at 100% beginning 2/1/2010 and thereafter. The replacement bond optional redemptions are stated below.

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Notes to the Financial Statements
 June 30, 2012

NOTE 10. LONG-TERM DEBT-(continued)

Redemption of Bonds

- a. Optional redemption - the Bonds are subject to redemption in whole or in part on any date on or after February 1, 2013 at a redemption price (expressed as a percentage of the principal amount) plus accrued interest to the redemption date as set forth below:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2013 through January 31, 2014	102%
February 1, 2014 through January 31, 2015	101%
February 1, 2015 and thereafter	100%

- b. Extraordinary optional redemption - the Bonds are subject to extraordinary optional redemption in whole or in part, by lot selected by the Paying Agent at its discretion, at a redemption price of one hundred percent (100%) of the par value of the bonds so redeemed, plus accrued interest to the redemption date, if and only if a court of competent jurisdiction enters a final, non-appealable order precluding the District from acquiring or otherwise proceeding with the project.
- c. The annual requirements to amortize the General Obligation Bonds as of June 30, 2012, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 385,000	\$ 172,650	\$ 557,650
2014	405,000	161,100	566,100
2015	430,000	148,950	578,950
2016	460,000	136,050	596,050
2017	485,000	122,250	607,250
2018-2022	2,900,000	641,400	3,541,400
2023	690,000	20,700	710,700
	<u>\$ 5,755,000</u>	<u>\$ 1,403,100</u>	<u>\$ 7,158,100</u>

Water Utility System Revenue Bonds – Series 2005

The District's Water Utility System Revenue Bonds, Series 2005, were authorized by the Board of Directors of the District by a resolution adopted May 17, 2005. The District issued bonds totaling \$5,800,000, dated May 24, 2005 and due February 1, 2025. The full faith and credit of the District are pledged for payment of principal and interest thereon and the Bonds will be payable from revenues of the water utility system.

The bonds will bear interest from May 24, 2005 at the rate of 6%, payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2005 and are stated to mature on February 1, 2025.

Redemption of Bonds

- a. Optional redemption - the Bonds are subject to redemption in whole or in part on any date on or after February 1, 2013 at a redemption price (expressed as a percentage of the principal amount) plus accrued interest to the redemption date as set forth below:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2013 through January 31, 2014	102%
February 1, 2014 through January 31, 2015	101%
February 1, 2015 and thereafter	100%

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Notes to the Financial Statements
 June 30, 2012

NOTE 10. LONG-TERM DEBT (continued)

- b. Extraordinary mandatory redemption - the Bonds are subject to extraordinary mandatory redemption at a redemption price of par plus accrued interest to the date of such extraordinary mandatory redemption in the event that a final and non-appealable decision of a court of competent jurisdiction directs that the District transfer the water utility system to an entity other than the District.
- c. The annual requirements to amortize the Water Utility System Revenue Bonds as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 225,000	\$ 141,000	\$ 366,000
2014	235,000	134,250	369,250
2015	250,000	127,200	377,200
2016	265,000	119,700	384,700
2017	285,000	111,750	396,750
2018-2022	1,690,000	420,450	2,110,450
2023-2025	1,750,000	121,050	1,871,050
	<u>\$ 4,700,000</u>	<u>\$ 1,175,400</u>	<u>\$ 5,875,400</u>

Purchase in Lieu of Redemption

In lieu of mandatory sinking fund redemption as set forth above, in any six-month period immediately preceding any February 1, the District may purchase Series 2005 Bonds then outstanding in an aggregate principal amount not exceeding the principal amount of Bonds required to be redeemed on such February 1, at the most advantageous price obtainable, such price not to exceed the principal thereof plus accrued interest to date of delivery of such Series 2005 Bonds.

Payment shall be made on the date of delivery of any Bonds to be purchased from moneys in the Series 2005 Bond Fund.

The principal amount of Series 2005 Bonds called for redemption on any such February 1 shall be reduced by any Series 2005 Bonds purchased (or presented for cancellation) by the Trustee during the preceding six month period. No such purchase shall be made in the 45-day period immediately preceding any such February 1 in order for the District to make the notice of redemption.

New Mexico Finance Authority Loans

On July 16, 2010, the District authorized and executed a loan agreement with the New Mexico Finance Authority (NMFA) through resolution in the amount of \$1,433,759 for the purpose of financing water system improvements and infrastructure. Loan payments are due to NMFA monthly until June 1, 2030. The blended interest rate over the term of the loan is 3.967%. The full faith and credit of the District are pledged for payment of principal and interest thereon and the loan will be payable from revenues of the water utility system.

On August 27, 2010, the District authorized and executed a Loan/Grant agreement with the Water Trust Board of the New Mexico Finance Authority (NMFA) through resolution in the amount of \$75,000 to finance the costs of the planning, design and engineering of the District's water storage. \$67,500 of the amount is a grant and \$7,500 is a loan. Principal payments on the loan portion were due annually starting on June 1st 2011. The district paid the loan portion of \$7,500 off in full in 2012.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 10. LONG-TERM DEBT (continued)

The annual requirements to amortize the loans with NMFA as of June 30, 2012, including interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 56,707	\$ 23,932	\$ 80,639
2014	57,501	23,535	81,036
2015	58,507	23,032	81,539
2016	59,736	22,417	82,153
2017	61,253	21,659	82,912
2018-2022	336,191	93,331	429,522
2023-2027	404,790	59,029	463,819
2028-2030	287,218	13,245	300,463
	<u>\$ 1,321,903</u>	<u>\$ 280,180</u>	<u>\$ 1,602,083</u>

NOTE 11. LEASES

The District leases administrative office space for the water utility operations office for approximately \$4,460 per month plus \$580 per month for common area maintenance (CAM) charges. Either party may cancel the lease at any time upon ninety days written notice to the other party.

The District leases storage space from both Crossingham Trust (two units at \$60 per month) and from Eldorado Self Storage (one unit at \$150 per month). The Crossingham unit lease may be canceled at any time upon ninety days written notice to the other party. The Eldorado Self Storage rental agreement is month-to-month.

Since all leases have an early termination clause, there are no future minimum lease payments. Rent expense for the year ended June 30, 2012 was \$61,444.

NOTE 12. NET ASSETS

At June 30, 2012, net assets totaling \$1,285,147 are restricted for costs of utility acquisition and improvements (new wells, pipes, pumps reservoirs, structures, etc.) and may not be used for general operating expenses.

Also at June 30, 2012, the District had \$229,109 in restricted net assets for debt service requirements related to its General Obligation Utility Acquisition and Improvement Series 2004 bonds. The District also had \$508,500 in restricted net assets for debt reserve requirements related to its Utility System Revenue Series 2005 bonds. In addition, the District had \$105,034 in restricted net assets for debt reserve requirements and \$17,551 restricted for debt service payments, both related to its New Mexico Finance Authority loan NM PPRF-2469. In total, the District had \$860,194 in restricted net assets for debt service and reserve requirements.

In addition, net assets of \$78,625 are restricted for water rights acquisition and \$519 is restricted for contingency funds held in the Local Government Investment Pool. The remaining net assets of \$1,365,488 are unrestricted at June 30, 2012.

NOTE 13. NET ASSET RESTATEMENT

The district has recorded a prior period adjustment in the amount of \$(9,350) to record the proper timing of the NMFA loan payment in the prior year.

NOTE 14. RISK MANAGEMENT AND LITIGATION

The District covers its insurance needs through various insurance policies. The coverage includes business and personal property, commercial general liability, owned, non-owned and hired automobiles, and directors' and officers' liability. The premiums paid on the policies during the year were \$39,482.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Notes to the Financial Statements
June 30, 2012

NOTE 14. RISK MANAGEMENT AND LITIGATION (continued)

If the District's losses exceed its premiums, there is no supplemental assessment; on the other hand, if the District's losses are less than its premiums, they do not receive a refund. Therefore, except for deductible amounts, risk has been transferred to the insurance carrier. There are no pending or known threatened legal proceedings involving material matters to which the District is a party.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Effective July 1, 2011, the District renewed its contract with a contractor to provide day-to-day operations and management of the District's water system. The term of the agreement was for four years commencing on the 1st day of July 2011, with an option to extend for an additional period of up to four years through formal amendment. The Contractor's base compensation for services performed under this agreement is \$898,397 for the first year of this agreement. Subsequent years' base fees are adjusted annually based on the consumer price index and other factors, including allowances for annual repairs and fuel costs.

NOTE 16. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is November 28, 2012 which is the date on which the financial statements were available to be issued. The following event was noted for disclosure.

In August 2012, the District approved three contracts for Utility infrastructure capital projects, totaling approximately \$2,000,000. Construction and completion of the three infrastructure projects is scheduled for 2013. A contract for preliminary design for a facility combining administrative and operations work spaces was also approved. Construction of a combined facility is planned to begin late in 2013 or early 2014. Funding for the projects will be made from revenue accumulated from prior periods, current period revenue, grants and loans.

NOTE 17. SUBSEQUENT PRONOUNCEMENTS

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District is still evaluating the possible effects of this standard.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District will implement this standard during fiscal year June 30, 2013.

NOTE 18. PENSION PLAN-PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description: All of the District's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 9.15% for District employees. The District is required to contribute the following percentages of the gross covered salary: 9.15% for District plan members. The contribution requirements of plan members and the District are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the fiscal year ended June 30, 2012, June 30, 2011, and June 30, 2010 were \$13,120, \$12,466 and \$6,694 respectively, which equal the amount of the required contributions for each fiscal year.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

Schedule I

	Budgeted Amounts		Non-GAAP Budgetary Basis Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Water sales	\$ 2,646,900	\$ 2,496,640	\$ 2,409,508	\$ (87,132)
<i>Total operating revenues</i>	2,646,900	2,496,640	2,409,508	(87,132)
<i>Operating expenses</i>				
Contractual services	1,130,675	1,278,763	1,051,999	226,764
Other operating costs	276,366	296,537	327,034	(30,497)
Personnel services	228,193	187,783	178,347	9,436
Supplies	6,320	3,520	3,289	231
Water conservation fee	6,000	6,000	5,217	783
Travel	2,960	1,860	936	924
Capital outlay	1,839,006	842,184	221,394	620,790
Debt service				
Principal	626,152	633,286	633,235	51
Interest	709,919	709,919	699,706	10,213
<i>Total operating expenses</i>	4,825,591	3,959,852	3,121,157	838,695
<i>Non-operating revenues (expenses)</i>				
Ad valorem taxes	1,054,857	1,054,857	1,036,492	(18,365)
Other revenue	-	17,418	-	(17,418)
Interest income	5,000	3,715	5,116	1,401
<i>Total non-operating revenues (expenses)</i>	1,059,857	1,075,990	1,041,608	(34,382)
Income (loss) before contributions and transfers				
Capital grant	67,499	75,000	74,992	(8)
<i>Total grants and transfers</i>	67,499	75,000	74,992	(8)
<i>Excess (deficiency) of revenues and sources over expenses and uses</i>	\$ (1,051,335)	\$ (312,222)	\$ 404,951	\$ 717,173
Depreciation			(422,322)	
Capital outlay			221,394	
Principal payments on bonds			633,235	
Amortized issuance costs			(50,697)	
<i>Change in net assets, Exhibit B</i>			786,561	
<i>Net assets - beginning of year, as originally reported</i>			13,213,296	
<i>Net assets, restatement (note 13)</i>			(9,350)	
<i>Total net assets, beginning of year, as restated</i>			13,203,946	
<i>Net assets - end of year</i>			\$ 13,990,507	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Schedule of Collateral Pledged by Depository For Public Funds
 June 30, 2012

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>FMV/ Par Value June 30, 2012</u>	<u>Name and Location of Safekeeper</u>
First National Bank of Santa Fe	Cloudcroft NM Sch Dist*	8/1/2017	189134EC9	\$ 370,000	Fifth Third Bank of Cincinnati
First National Bank of Santa Fe	FHLMC Fixed Rate Note	1/23/2017	3134G3JU5	<u>514,627</u>	Fifth Third Bank of Cincinnati
	Total Pledged Collateral			<u>\$ 884,627</u>	

* Pursuant to section 6-10-16 (C) NMSA 1978 securities which are of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities, or other subdivisions shall be accepted as securities at par value.

STATE OF NEW MEXICO
 Eldorado Area Water and Sanitation District
 Schedule of Deposit and Investment Accounts
 June 30, 2012

Account Name/Type	Deposits		Investments		Totals
	First National Bank of Santa Fe	U.S. Treasury MM Mutual Fund	NewMexigrow LGIP		
Deposits:					
First National Bank of Santa Fe					
Checking	\$ 228,792	\$ -	\$ -	\$ 228,792	
Savings	77,732	-	-	77,732	
G.O. Bond Trust Depart.	14	-	-	14	
New Mexico					
Finance Authority:					
Program funds	-	933,755	-	933,755	
Reserve Account	-	105,034	-	105,034	
Debt Service Account	-	17,551	-	17,551	
Investments					
Revenue Bond					
First National Bank of Santa Fe.	-	510,412	-	510,412	
LGIP-Property Tax Revenue	-	-	229,109	229,109	
LGIP-Utility Acquisition	-	-	1,285,147	1,285,147	
LGIP-Operating Reserve	-	-	625,000	625,000	
LGIP-Contingency Funds	-	-	519	519	
Total deposits and investments	306,538	1,566,752	2,139,775	4,013,065	
Reconciling items	146,366	-	-	146,366	
Reconciled balance	\$ 452,904	\$ 1,566,752	\$ 2,139,775	\$ 3,866,699	
Unrestricted cash:					
Unrestricted cash and cash equivalents per Exhibit A				\$ 108,634	
Unrestricted investments per Exhibit A				546,375	
Total unrestricted cash and investments				655,009	
Restricted cash:					
Unspent loan proceeds per Exhibit A				933,755	
Meter deposits per Exhibit A				53,450	
Debt service per Exhibit A				631,085	
Total restricted cash				1,618,290	
Restricted investments:					
Debt service per Exhibit A				229,109	
Cost of utility acquisition and improvements per Exhibit A				1,285,147	
Water rights acquisition per Exhibit A				78,625	
LGIP-reserve contingency funds-per Exhibit A				519	
Total restricted investments				1,593,400	
Total cash and investments				\$ 3,866,699	

See accompanying independent auditor's report

(This page intentionally left blank)

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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***

Hector Balderas
New Mexico State Auditor
and
Members of the Board of Directors
Eldorado Area Water and Sanitation District
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities of the Eldorado Area Water and Sanitation District (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 28, 2012. We also have audited the budgetary comparison for the year ended June 30, 2012, presented as supplementary information. 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 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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we considered to be a significant deficiency in internal control over financial reporting (See finding FS 2012-1). 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that is required to be reported pursuant to Government Auditing Paragraph 5.14 and 5.16, and pursuant to section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as finding FS 2012-2.

This report is intended solely for the information and use of management, the Board of Directors, others within the District, applicable federal and state grantors, the Office of the State Auditor, the New Mexico State Legislature and its committees and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 28, 2012

FS 2012-1- Accounts Receivable Cutoff (Significant Deficiency)

Condition: During our testwork of proper cutoff with respect to customer accounts receivable balances, we noted that the client had understated year-end accounts receivable by \$131,857 by reducing accounts receivable for payments made after year-end.

Criteria: Good accounting practices require financial spreadsheets to be reviewed for formula accuracy to ensure proper calculation of the year-end accounts receivable balance. Accounts receivable reported should be net of payments made as of the balance sheet date.

Effect: An audit adjustment was required to state fairly the accounts receivable balance as of June 30, 2012 to increase the accounts receivable balance by \$131,857.

Cause: The District did not treat payments for bill sent in June, received after June 30, but which were received timely (on or before July 10, 2012), as accounts receivable.

Recommendation: We recommend the District discontinue use of manual spreadsheets to compute the accounts receivable balance and base the year-end customer accounts receivable balance on an aged analysis of accounts receivable plus an estimate of unbilled accounts receivable at year-end.

Management's response: Recommendation is accepted as stated.

FS 2012-2- Budget Reconciliation (Other Matter)

Condition: During our budget adjustments testwork, we noted that the budget amounts reported to the Department of Finance and Administration's Local Government Division (DFA) in the District's fourth quarter Statement of Actual Revenue and Expenses, which was used to prepare the Statement of Revenues, Expenses and Changes in Net Assets (Budget and Actual) in the financial statements, did not reconcile to the District's final approved budget per DFA.

Criteria: Per Article 6 Local Government Finances section 6-6-6 NMSA 1978 requires the District to operate within the confines of the approved budget. It states the following:

“ When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.”

Effect: The initial Statement of Revenues, Expenses and Changes in Net Assets (Budget and Actual) had to be corrected after being reviewed by the auditor.

Cause: The District's internal budget and budgetary reporting forms provided by DFA are maintained as Excel spreadsheets. Errors were made when the fourth quarter budget amounts were reconciled to the District's beginning and adjusted budgets as approved by DFA.

Recommendation: We recommend that the District improve the process of reconciling the approved budgetary amounts as shown on the DFA "Budget Recap" form to the amounts reported on its quarterly reports of actual revenue and expenses. We recommend a revised fourth quarter Statement of Revenues, Expenses, and Changes in Net Assets (Budget and Actual) be submitted to DFA's Local Government Division.

Management's response: Recommendations is accepted as stated.

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Schedule of Findings and Responses
June 30, 2012

STATUS OF PRIOR YEAR FINDINGS

Status of Prior Year
Findings

FS 2007-01 — Audit Report Submitted Late
FS 2011-01 — Cash held at NMFA not recorded
FS 2011-02 — Stale Dated Checks

Resolved
Resolved
Resolved

STATE OF NEW MEXICO
Eldorado Area Water and Sanitation District
Other Disclosures
June 30, 2012

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the District from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.

B. EXIT CONFERENCE

The contents of this report were discussed on November 27, 2012. The following individuals were in attendance.

Eldorado Area Water and Sanitation District

Jim Jenkins, President

Roberta Armstrong, Director

Paul Butt, Financial Coordinator

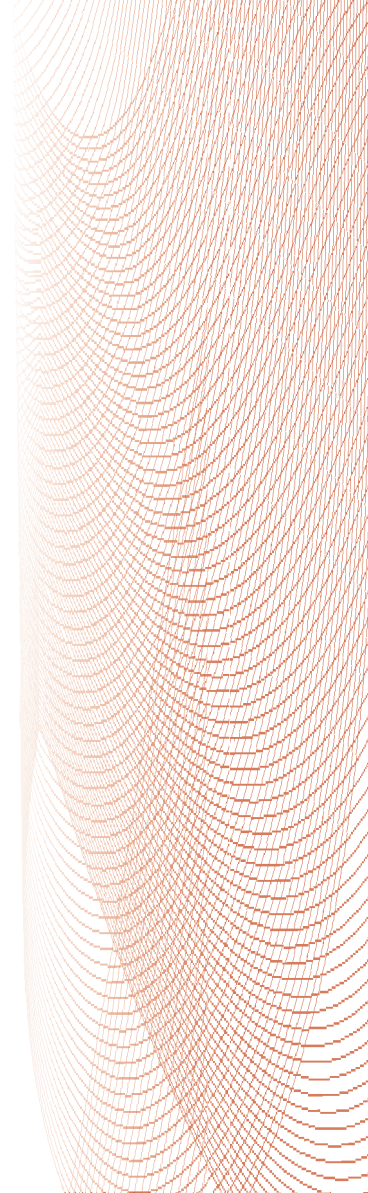
Elizabeth Roghair, Finance Committee Member (Non-Director)

David Chakroff, General Manager

Gene Schofield, Treasurer

Accounting & Consulting Group, LLP

Morgan Browning, CPA, CGFM



www.acgnm.com