

**State of New Mexico
ANTHONY WATER
AND SANITATION DISTRICT
Anthony, New Mexico**

JUNE 30, 2015

**INDEPENDENT AUDITOR'S REPORT
ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
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 JUNE 30, 2015

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STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
FUNCTION OF ENTITY & OFFICIAL ROSTER
JUNE 30, 2015

The Anthony Water and Sanitation District (District) was organized on January 30, 1978 under the New Mexico Statutes Chapter 73 Article 21 to serve a public use and promote the health, safety, prosperity, security and general welfare of the inhabitants of said district. The district was created for the purpose of: (A) purchasing, acquiring, establishing or constructing waterworks to supply water for domestic, commercial and industrial purposes by any available means to persons within and without the boundaries of the district. For this purpose, the district has the power to extend its water lines outside of the boundaries of the district for the purpose of securing a source of water supply or for the purpose of supplying the water to any lands of the United States, New Mexico, or Indian reservation for use by any person, firm or corporation; (B) purchasing, acquiring, establishing or constructing sanitary sewers or a system of sewage disposal, garbage or refuse disposal; (C) purchasing, acquiring, establishing or constructing street infrastructures; (D) purchasing, acquiring, establishing or constructing park and recreational improvements; (E) purchasing, acquiring, establishing or constructing or operating other public facilities or economic development projects; or (F) all of the improvements in items A through E or any combination of them within or without the district. The district serves approximately 2,800 active meter customers.

BOARD OF DIRECTORS

Yolanda Alvarez	Chairman
Ron Gillette	Member
Veronica Rodriguez	Member

ADMINISTRATIVE OFFICIALS

Jose Terrones	Superintendent
Loren Schoonover	Office Manager

FINANCIAL SECTION

Beckham & Penner, P.C.

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INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller, State Auditor, and
Members of the Board of Directors
Anthony Water and Sanitation District
Anthony, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Anthony Water and Sanitation District, Anthony, New Mexico, ("the District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons statement of the District, presented as supplementary information for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT, continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Anthony Water and Sanitation District, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of the Anthony Water and Sanitation District for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require supplementary information, as listed in the table of contents as required supplementary information, 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 consist 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Anthony Water and Sanitation District's financial statements and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

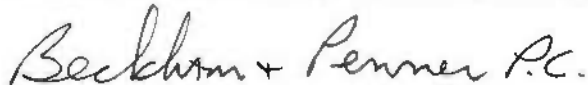
The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information, listed in the table of contents as other information, has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT, continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of Anthony Water and Sanitation 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* in considering Anthony Water and Sanitation District's internal control over financial reporting and compliance.



Beckham & Penner P.C.
Certified Public Accountants
Socorro, New Mexico
December 14, 2015

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,104,915
Receivable from customers (net of allowance \$22,250)	124,644
Grants Receivable	138,299
Inventory of system parts & supplies	17,277
Prepaid expenses & insurance	20,685
Total current assets	<u>1,405,820</u>
Other Assets:	
Restricted cash - debt reserves	384,552
Capital assets not being depreciated	1,632,216
Capital assets (net of accumulated depreciation of \$8,596,612)	17,681,784
Intangible assets (net of accumulated amortization of \$629,400)	610,800
Total other assets	<u>20,309,352</u>
Deferred Outflows of Resources:	
Related to PERA Pension	<u>35,483</u>
Total assets	<u><u>\$ 21,750,655</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable vendors	\$ 102,118
Accounts payable construction	171,719
Accrued interest	5,200
Accrued payroll, taxes and benefits	17,569
Accrued compensated absences	52,921
Customer meter deposits	135,474
Notes payable, current portion	145,174
Total current liabilities	<u>630,175</u>
Long-Term Liabilities:	
Notes payable, net of current portion	3,889,625
Net PERA pension liability	299,561
Total Long-Term Liabilities	<u>4,189,186</u>
Deferred Inflow of Resources:	
Related to PERA Pension	117,399
Related to Grant revenues	174,689
Total Deferred Inflows of Resources	<u>292,088</u>
Net Position:	
Net Investment in capital assets	15,890,001
Restricted:	
Debt Service	384,552
Unrestricted	364,653
Total net position	<u>16,639,206</u>
Total liabilities and net position	<u><u>\$ 21,750,655</u></u>

See Independent Auditors' Report.

The Notes to Financial Statements are an integral part of these statements.

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Charges for services	\$ 2,315,906
Other revenues	236,075
Total operating revenues	<u>2,551,981</u>
Operating Expenses:	
Personnel services and benefits	859,338
Operating expenses	889,862
Fuel & Power	232,655
Depreciation	680,692
Amortization	31,800
Allowance for bad debts	-
Total operating expenses	<u>2,694,347</u>
Net Operating income (loss)	<u>(142,366)</u>
Non-Operating Revenues (Expenses):	
Gain on sale of capital assets	0
Interest income	3,210
Interest expense	(133,306)
Total non-operating revenues (expenses)	<u>(130,096)</u>
Net Income (loss) before capital contributions	<u>(272,462)</u>
Capital Contributions:	
Grant Revenues:	
State	154,254
Federal	498,958
Total capital contributions	<u>653,212</u>
Change in net position	380,750
Net position - beginning of year	16,662,887
Restatement	(404,431)
Net position - end of year	<u>\$ 16,639,206</u>

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

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers & others	\$ 2,586,365
Cash paid to suppliers for goods and services	(1,152,263)
Cash paid to and on behalf of employees	(873,162)
Net cash provided by operating activities	<u>560,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(788,644)
Principal paid on notes payable	(780,151)
Interest paid on notes payable	(135,059)
Proceeds from capital grants	828,740
Proceeds from capital loans	1,024,031
Proceeds from sale of capital assets	0
Increase in customer meter deposits	2,284
Net cash used for capital and related financing activities	<u>151,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	3,210
Net cash provided by investing activities	<u>3,210</u>
Net increase in cash	715,351
Cash, Beginning of year	774,116
Cash, End of year	<u>\$ 1,489,467</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	(142,366)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	680,692
Amortization	31,800
Allowance for bad debts	0
(Gain) Loss on Disposition of Capital Assets	0
Change in Assets and Liabilities:	
Change in accounts receivable and grant revenue	34,384
Change in supply inventory and prepaid insurance	(5,865)
Change in accounts payable and accrued expenses	(37,705)
Net cash provided by operating activities	<u>\$ 560,940</u>
CASH ENDING:	
Cash	1,104,915
Restricted cash	384,552
Total cash reported in the Statement of Net Position	<u>\$ 1,489,467</u>

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

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview:

The Anthony Water and Sanitation District (District) in Anthony, New Mexico has been determined to be a governmental subdivision of the State of New Mexico and a body with all the powers of a public or quasi-municipal corporation.

The District has a Board of Directors that consists of three elected officials who are responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District. The purpose of the District is to provide water and wastewater services for the users within and without the boundaries of the district.

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

Reporting Entity

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

Basic Financial Statements

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

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial principles. GASB periodically updates its codifications of the existing Governmental Accounting and Financial Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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

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

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

Cash and Cash Equivalents

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

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Restricted Cash

Restricted cash is funds set aside in a separate bank account and restricted through a Board of Directors resolution as required by the New Mexico Environment Department, New Mexico Finance Authority, and the Rural Utilities Service debt agreements. See Note 5 and 8.

Accounts Receivable

Accounts receivable represents the amounts due from customers' water and sewer accounts. The allowance for doubtful accounts was \$22,250 at year end. There was no change in the allowance for doubtful accounts during the fiscal year. The allowance consists primarily of amounts owed by renters who have moved from the serviced property.

Inventory

Inventories consist of system parts and supplies valued at cost using the first in first out method of accounting. An actual inventory is taken on an annual basis.

Capital Assets

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

Equipment, Vehicles and Software	5 - 10 years
Buildings, Improvements and plant/system	20 - 50 years

Intangible Assets

Intangible assets consist of water rights. Intangible assets are recorded at cost and amortized over 40 years on a straight line basis.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position reports deferred outflows of resources. This represents consumption of net position that applies to a future period, and will not be recognized as an outflow or resource (expenditure) until then. The District has deferred outflows related to the PERA pension as discussed in Note 9.

In addition to liabilities, the statement of net position reports deferred inflows of resources. This represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has two types of deferred inflows; advances under expenditure driven grants which amounted to \$174,689 as of June 30, 2015, and deferred inflows related to the PERA pension as discussed in Note 9.

Budgets and Budgetary Accounting

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

Vacation and Sick Pay

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits, after they have attained the status of permanent employees, which will be paid to employees upon separation from service. Employees who have been employed by the District for more than five years are paid ten percent of their accumulated sick leave upon separation. The amount of accumulated sick leave is also limited by District policy.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributed Capital

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

Net Position

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

Use of Estimates

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

NOTE 2. CASH

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

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. CASH (continued)

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

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

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

The following schedule is designed to disclose the level of custodial credit risk assumed by the District based upon how its deposits were insured or secured with collateral at June 30, 2015.

Total of deposits in bank	\$ 1,038,038
Less FDIC coverage	<u>(616,243)</u>
Uninsured public funds	\$ 421,795
 Pledged Collateral held by the pledging bank's trust department or agent but not in the District's name	 <u>(707,186)</u>
 Uninsured and uncollateralized	 <u>\$ -0-</u>

As of June 30, 2015, the District's bank balances were exposed to custodial credit risk. The amount above identified as uninsured (\$421,795) is subject to custodial credit risk. This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. CASH (CONTINUED)

The various bank account balances were collateralized as shown in the following schedule:

Account	Account Type	Balance Per Banks				Total Balance Per Banks
		1 st New Mexico Bank	Bank of the West	White Sands Federal Credit Union	Citizens Bank	
Water/Sewer General	Demand	\$ 76,136	\$ 0	\$ 0	\$ 0	\$ 76,136
Water Tap	Demand	349,427	0	0	0	349,427
Safe Water	Demand	160,969	0	0	0	160,969
Payroll Checking	Demand	20,868	0	0	0	20,868
Projects Account	Demand	0	0	67,857	0	67,857
Projects RUS	Demand	567	0	0	0	567
Safe Water	Demand	0	48,386	0	0	48,386
Debt Service Money Market	Time	0	0	0	313,828	313,828
<i>Total amount of deposits</i>		<u>607,967</u>	<u>48,386</u>	<u>67,857</u>	<u>313,828</u>	<u>1,038,038</u>
FDIC coverage		<u>250,000</u>	<u>48,386</u>	<u>67,857</u>	<u>250,000</u>	<u>616,243</u>
<i>Total uninsured public funds</i>		<u>357,967</u>	<u>0</u>	<u>0</u>	<u>63,828</u>	
Collateral requirements (50% of uninsured public funds)		178,984			31,914	
Pledged security by banks		<u>497,418</u>			<u>209,768</u>	
Over (under) collateralization		<u>318,434</u>			<u>177,854</u>	
Uninsured and Uncollateralized		<u>-0-</u>			<u>-0-</u>	

Collateral pledged by is held by the Bank's Agent, in the name of the Bank, for the District. A description of the pledged collateral as of June 30, 2015 is as follows:

Description	Cusip#	Maturity	Par Amount	Market Value
1st New Mexico Bank:				
W Las Vegas NM ISD	953769JF4	10/1/2015	250,000	\$ 256,253
Chama NM VY ISD#19	157670FH8	10/1/2018	250,000	241,165
Total 1st NM Bank				<u>\$ 497,418</u>
Citizens Bank:				
FHLB	not applicable	6/9/2017	not applicable	209,768
Total Citizens Bank				<u>\$ 209,768</u>

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. CASH (CONTINUED)

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

Account	Account Type	Balance Per Bank	Deposits in Transit	Outstanding Checks	Balance per Books
Water/Sewer General	Demand	\$ 76,136	\$ 1,024	\$ 4,531	\$ 72,629
Water Tap	Demand	349,427	109	1,345	348,191
Safe Water	Demand	160,969	47	0	161,016
Payroll Checking	Demand	20,868	0	686	20,182
Projects Account	Demand	67,857	0	0	67,857
Projects RUS	Demand	567	0	0	567
Safe Water	Demand	48,386	0	0	48,386
Debt Service Money Market	Time	<u>313,828</u>	<u>0</u>	<u>0</u>	<u>313,828</u>
<i>Total amount of deposits</i>		<u>1,038,038</u>	<u>1,180</u>	<u>6,562</u>	1,032,656
Cash Held by NMFA					456,011
Petty Cash					<u>800</u>
Total Reconciled Cash Balances Per Books					<u>\$ 1,489,467</u>
Total as Reported in the Financial Statements: Statement of Net Position					
Cash and cash equivalent					\$ 1,104,915
Restricted cash – debt reserve					<u>384,552</u>
Total cash per financial statements					<u>\$ 1,489,467</u>

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type capital assets, not being depreciated:				
Land, well sites, and easements	\$ 1,261,559	\$ 0	\$ 0	\$ 1,261,559
Construction in process	<u>8,078,579</u>	<u>312,937</u>	<u>8,020,859</u>	<u>370,657</u>
<i>Total capital assets, not being depreciated</i>	<u>9,340,138</u>	<u>312,937</u>	<u>8,020,859</u>	<u>1,632,216</u>
Business-type capital assets, being depreciated:				
Buildings & Landscaping	1,385,076	0	0	1,385,076
Water and sewer plant/system	15,958,029	8,409,631	0	24,367,660
Equipment and vehicles	<u>1,144,620</u>	<u>61,732</u>	<u>0</u>	<u>1,206,352</u>
<i>Total business-type capital assets, being depreciated</i>	<u>18,487,725</u>	<u>8,471,363</u>	<u>0</u>	<u>26,959,088</u>
Less accumulated depreciation for:				
Buildings	541,952	53,171	0	595,123
Water and sewer plant/system	7,181,717	564,085	0	7,745,802
Equipment and vehicles	<u>872,943</u>	<u>63,436</u>	<u>0</u>	<u>936,379</u>
<i>Total accumulated depreciated</i>	<u>8,596,612</u>	<u>680,692</u>	<u>0</u>	<u>9,277,304</u>
Assets being depreciated, net	<u>9,891,113</u>	<u>7,790,671</u>	<u>0</u>	<u>17,681,784</u>
<i>Business-type capital assets, Total</i>	<u>\$19,231,251</u>	<u>\$8,103,608</u>	<u>\$ 8,020,859</u>	<u>\$19,314,000</u>
<u>Intangible Assets</u>				
Water rights	\$ 1,272,000	\$ 0	\$ 0	\$ 1,272,000
Less accumulated amortization	<u>629,400</u>	<u>31,800</u>	<u>0</u>	<u>661,200</u>
<i>Intangible assets, net</i>	<u>\$ 642,600</u>	<u>(31,800)</u>	<u>\$ 0</u>	<u>\$ 610,800</u>
TOTAL CAPITAL ASSETS	<u>\$19,873,851</u>	<u>\$8,071,808</u>	<u>\$ 8,020,859</u>	<u>\$19,924,800</u>

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4. COMMITMENT FOR LONG-TERM LEASE

The District does not own a portion of the wastewater collection system (1977 original system) within its boundaries. The District leases the collection system from Dona Ana County. Under the lease agreement, the District operates and maintains the wastewater collection system. In addition, the District is required to pay Dona Ana County one dollar (\$1.00) annually for the lease.

NOTE 5. LONG-TERM DEBT

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

Note payable Rural Development, Department of Agriculture dated September 16, 1993, maturing June 16, 2033, payable in monthly installments of \$9,631, including interest at 5.25%, secured by the revenues of the water system.	\$1,341,590
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The note payable to the Department of Agriculture contains a requirement for a Reserve Account to be funded at the rate of \$1,014 per month until \$121,610 is accumulated in the account. The funds may be withdrawn with the prior written approval of the Federal Government for repairs to the system caused by a catastrophe or for extensions or improvements to the system. The reserve has been fully funded.

Note payable Rural Development, Department of Agriculture dated March 5, 2003, maturing April 5, 2041, payable in monthly installments of \$1,145, including interest at 4.625%, secured by the revenues of the water system. Paid off 06/01/2015 with NMFA loan.	-0-
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Note payable Rural Development, Department of Agriculture dated April 3, 2007, maturing April 3, 2047, payable in monthly installments of \$1,453, including interest at 4.125%, secured by the revenues of the system. Paid off 06/01/2015 with NMFA loan	-0-
--	-----

Note payable Rural Development, Department of Agriculture dated July 16, 2008, maturing June 16, 2048, payable in monthly installments of \$780.00, including interest at 4.125%, secured by the revenues of the system. Paid off 06/01/2015 with NMFA loan.	-0-
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Note payable New Mexico Finance Authority dated June 1, 2015 in the amount of \$982,356, maturing April 1, 2038, payable in monthly installments of \$6,797.53, including interest at .25%, secured by revenues of the system. The funds were used to pay off three existing loans and provide funding for \$261,000 equipment purchases.	977,781
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The loan agreement with the NMFA required a Reserve Account be funded in the amount of \$70,645 for debt service. The reserve funds are held by NMFA. The reserve has been fully funded.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. LONG-TERM DEBT (CONTINUED)

Note payable Rural Development, Department of Agriculture dated March 7, 2012, maturing March 7, 2052, payable in monthly installments of \$4,733, including interest at 2.250%, secured by the revenues of the water system. 1,379,487

The loan agreement with the Rural Development requires a Reserve Account to be funded at the rate of \$579.30 per month until \$69,516 is accumulated in the account. The funds may be withdrawn with the prior written approval of the Federal Government for repairs to the facility caused by a catastrophe or for extensions or improvements to the facility. The reserve has been funded to \$22,593 which equals the required reserve as of 06/30/2015.

The above note payable to the Department of Agriculture for the Drinking Water System Improvement Project was also partially funded by a grant from the EPA Border Environmental Infrastructure Fund, which also contains a requirement for; an Operations and Maintenance Reserve Account to be funded at the rate of \$1,152 per month until \$36,849 is accumulated in the account, and a Repair and Replacement Reserve Account to be funded at the rate of \$2,244 per month until \$98,724 is accumulated in the account. The funds may be withdrawn with the prior written approval of the Federal Government. The reserves have been fully funded.

Note payable New Mexico Finance Authority dated September 28, 2007, maturing June 1, 2027, payable in annual installments of \$3,911.22, including interest at .25%, secured by the revenues of the system. There are no reserve requirements. 46,183

Note payable New Mexico Finance Authority dated July 23, 2010, maturing June 23, 2030, payable in annual installments of \$5,132.32, including interest at .25%, secured by the revenues of the system. There are no reserve requirements. 75,467

Note payable New Mexico Finance Authority dated April 10, 2015, in the amount of \$10,000, maturing June 1, 2034, payable in annual installments of \$531, including interest at .25%, secured by the revenues of the system. There are no reserve requirements. 9,744

Note payable New Mexico Finance Authority dated December 21, 2012, maturing June 1, 2034, payable in monthly installments of \$1,082.32 beginning November 21, 2014, including interest at .25%, secured by the revenues of the system. There are no reserve requirements. There was a two year construction period for the district wide upgrade of water meters. The total project was for \$850,000 funded by this \$212,500 loan and a grant of \$637,500. The project has been completed. 204,547

TOTAL DEBT	4,034,799
Less current portion	145,174
Long-term liabilities	<u>\$3,889,625</u>

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. LONG-TERM DEBT (CONTINUED)

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

	<u>Interest</u>	<u>Principal</u>
June 30, 2016	\$ 126,742	\$ 145,174
June 30, 2017	120,653	143,127
June 30, 2018	116,998	146,781
June 30, 2019	112,995	150,786
June 30, 2020	108,754	155,026
June 30, 2021 - 2025	468,086	849,536
June 30, 2026 - 2030	323,584	899,855
June 30, 2031 - 2035	155,788	735,434
June 30, 2036 - 2040	76,655	292,279
June 30, 2041 - 2045	45,210	238,770
June 30, 2046 - 2050	16,795	267,185
June 30, 2051 - 2055	<u>32</u>	<u>10,846</u>
	<u>\$1,672,292</u>	<u>\$ 4,034,799</u>

Changes in long-term debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
USDA Rural Development	\$1,385,471	\$ 0	\$43,881	\$1,341,590	\$46,241
USDA Rural Development	210,916	0	210,916	0	0
USDA Rural Development	307,510	0	307,510	0	0
USDA Rural Development	170,898	0	170,898	0	0
NM Finance Authority	0	982,356	4,575	977,781	53,120
USDA Rural Development	1,404,932	0	25,445	1,379,487	25,939
NM Finance Authority-WTB	49,969	0	3,786	46,183	3,796
NM Finance Authority-WTB	80,398	0	4,931	75,467	4,944
NM Finance Authority-WTB	0	10,000	256	9,744	513
NM Finance Authority-WTB	180,825	31,675	7,953	204,547	10,621
<i>Total notes payable</i>	<u>3,790,919</u>	<u>1,024,031</u>	<u>780,151</u>	<u>4,034,799</u>	<u>145,174</u>

NOTE 6. COMPENSATED ABSENCES

Following is a schedule of changes in compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	44,142	56,615	47,836	52,921	52,921

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. RISK MANAGEMENT

The District covers its insurance needs through various insurance policies. The coverage includes worker's compensation, general liability, buildings and improvements, personal property, automobiles, directors' and officers' liability, and employee bonds. The premiums paid on the policies during the fiscal year were \$73,693. If the District's losses exceed its premiums, there is no supplemental assessment; on the other hand, if the District's losses are low, they will not receive a refund. Therefore, except for deductible amounts, risk has been transferred to the insurance carrier.

NOTE 8. NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts at June 30, 2015 were as follows:

Net Investment in Capital Assets:	
Net property and equipment in service	\$ 19,924,800
Less: Notes payable	4,034,799
Net Investment in Capital Assets	<u>15,890,001</u>
Restricted – Debt Service:	
Rural Development Debt dated 09/16/1993 R&R Reserve	121,610
Rural Development Debt dated 03/07/2012 R&R Reserve	22,593
NM Finance Authority Debt dated 06/01/2015 Debt Service Reserve	70,645
Border Environmental Infrastructure Fund Grant 08/10/11 O&M Reserve	36,849
Border Environmental Infrastructure Fund Grant 08/10/11 R&R Reserve	98,724
Excess Funds in Reserve	34,131
Total Restricted	<u>384,552</u>
Unrestricted	364,653
	<u> </u>
<i>Total net position</i>	<u><u>\$16,639,206</u></u>

NOTE 9. PERA PENSION PLAN

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA PENSION PLAN, (CONTINUED)

Plan description - The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided - For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions - The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the District is the Municipal General Division. Statutorily required contributions to the pension plan from the District were \$35,483 and employer paid member benefits that were "picked up" by the employer were \$-0- for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA PENSION PLAN, (CONTINUED)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The District's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division - Municipal General Division, at June 30, 2015, the District reported a liability of \$299,561 for its proportionate share of the net pension liability. At June 30, 2014, the District's proportion was .0384 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the District recognized PERA Fund Municipal General Division pension expense of \$12,529. At June 30, 2015, the District reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	203
Net difference between projected and actual earnings on pension plan investments	-	117,196
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	-
The District's contributions subsequent to the measurement date	35,483	-
Total	\$ 35,483	\$ 117,399

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA PENSION PLAN, (CONTINUED)

The \$35,483 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 29,350
2017	29,350
2018	29,350
2019	29,349
2020	-
Thereafter	-
TOTAL	\$ 117,399

Actuarial assumptions - As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
<input type="checkbox"/> Investment rate of return	7.75% annual rate, net of investment expense
<input type="checkbox"/> Payroll growth	3.50% annual rate
<input type="checkbox"/> Projected salary increases	3.50% to 14.25% annual rate
<input type="checkbox"/> Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA PENSION PLAN, (CONTINUED)

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
Total	100.00%	

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the District's net pension liability in each PERA Fund Division that the District participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
PERA Fund Division Municipal General			
The District's proportionate share of the net pension liability	\$ 564,740	\$ 299,561	\$ 94,698

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA PENSION PLAN, (CONTINUED)

Payables to the pension plan - The District maintained a payable related to PERA contribution at June 30, 2015, in the amount of \$6,222.46 (employee contributions of \$3,316.52 plus employer contributions of \$2,905.94) for the June 2015 payrolls.

NOTE 10. BUDGETARY - GAAP REPORTING RECONCILIATION

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

Revenues over Expenses on Budgetary Basis	682,578
Adjustments to revenue for receivables and other accruals	(209,073)
Adjustment to expenditures for payables and other accruals	44,484
Adjustment for depreciation, amortization and bad debts	(712,492)
Adjustment for purchase of capital assets	788,644
Adjustment for capital loan received	(1,024,031)
Adjustment for basis on capital assets sold	0
Adjustment for principal payments on debt	780,151
Adjustment for change in debt reserve	32,773
Adjustment for change in customer meter deposits	(2,284)
<i>Change in net assets</i>	<u>380,750</u>

NOTE 11. CONSTRUCTION PROJECTS IN PROGRESS

The District completed the plan, design and construct improvements to the water system, which include a system to removal of arsenic and nitrate, which cost \$8,409,631. The project was financed with state loans and grants of \$1,450,000 and federal loans and grants of \$6,959,631 which have been received and expended for the planning, design and construction.

The District has purchased land for the development of a multi-purpose community and farmer's complex, which is expected to cost approximately \$384,000 for the planning, design and first phase. The project will be financed with state and local grants. \$110,535 has been received and expended as of June 30, 2015. The project is still in the planning and design process.

The District has begun a major sewer lift station project, which is expected to cost approximately \$1,500,000. The project is expected to be financed with state and federal grants. \$359,400 has been received and expended as of June 30, 2015. The project is still in the planning and design process.

In addition to the projects described above, the District has routine line extension projects and water improvement projects ongoing in the normal course of operations.

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. JOINT POWERS AGREEMENT

The District entered into a joint powers agreement with Dona Ana County to act as an agent for the County and be the primary community contact for all wastewater applications, complaints, billing and collections or other customer issues for the county area specifically known as Las Palmeras - Montana Vista. The agreement was entered into on March 20, 2003 with automatic one year renewals. The District is paid \$12.00 per residential connection per month and \$15.00 per commercial connection per month for the first 6,000 gallons of water used plus \$1.00 per 1,000 gallons thereafter. Dona Ana County also pays a capacity replacement fee of \$1,000.00 per connection for all connections occurring after the date of initial operations or the first 175 connections, whichever comes later. The connections have not yet exceeded 175 customers; therefore, the County is not yet required to pay the District. The District collects from customers for usage and is responsible for the operations of the system. These operating activities of the District are included in the audit responsibilities of the District.

NOTE 13. SUBSEQUENT EVENTS REVIEW

Anthony Water and Sanitation District has evaluated subsequent events through December 14, 2015; which is the date the financial statements were dated.

NOTE 14. NEW MEXICO RETIREE HEALTH CARE

The district does not participate in the NM Retiree Health Care Act.

NOTE 15. RESTATEMENT OF NET POSITION

The District adopted Governmental Accounting Standards Board Statement 67 and 68. The net position of the District was restated to reflect a beginning net pension liability of \$432,985 and a beginning deferred outflow of resources for employer contributions subsequent to the measurement date of \$28,554. This resulted in a net restatement of \$404,431.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
 PERA FUND DIVISION MUNICIPAL GENERAL
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
 LAST 10 FISCAL YEARS***

	<u>2015</u>
District's proportion of the net pension liability	0.0384%
District's proportionate share of the net pension liability	\$ 299,561
District's covered employee payroll	\$ 407,916
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	73%
Plan fiduciary net position as a percentage of the total pension liability	.81%

*The amounts presented were determined as of June 30, using the prior June 30 fiscal year as the measurement date. This schedule is presented to illustrate the requirements to show information for 10 years, however, until a full 10 year trend is completed, the District will present information for those years for which information is available.

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

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
**SCHEDULE OF CONTRIBUTIONS - PUBLIC EMPLOYEES RETIREMENT
 ASSOCIATION (PERA) - PERA FUND DIVISION MUNICIPAL GENERAL
 LAST 10 FISCAL YEARS***

	<u>2015</u>
Contractually required contributions	\$ 35,483
Contributions in relation to contractually required contribution	\$ 35,483
Contribution deficiency (excess)	<u>\$ -</u>
District's covered employee payroll	\$ 480,382
Contributions as a percentage of covered employee payroll	7.4%

* This schedule is presented to illustrate the requirements to show information for 10 years, however, until a full 10 year trend is completed, the District will present information for those years for which information is available.

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

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(PERA) - PERA FUND DIVISION MUNICIPAL GENERAL
For the Fiscal Year Ended June 30, 2015

Change in benefit terms - The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatement/306_Public_Employees_Retirement_Association_2014.pdf

Changes in assumptions - The PERA annual Actuarial valuation as of June 30, 2014 is available at:
http://www.pera.state.nm.us/pdf/Investment/RetirementFundValuationReports/6-30-2014%20PERA%20valuation%20Report_FINAL.pdf

The summary of key findings for the PERA fund (on page 2 of that report) states "Based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to fund liabilities and an increase of 0.13% to the funded ratio." For details about changes in the actuarial assumptions, see Appendix B on page 60 of that report.

SEE INDEPENDENT AUDITORS' REPORT

The Accompanying Notes Are An Integral Part Of These Financial Statements

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual on Budgetary <u>Basis</u>	Variance Favorable <u>(Unfavorable)</u>
RECEIPTS:				
Operating Revenues:				
Charges for services	\$ 2,748,705	\$ 2,748,705	\$ 2,324,181	\$ (424,524)
Other revenues	172,854	172,854	262,184	89,330
Non-Operating Receipts:				
Interest income	3,000	3,000	3,210	210
Proceeds from Sale of Capital Assets	-	-	-	-
Customer deposits	-	-	2,284	2,284
Grants & Loans	827,062	1,874,418	1,852,771	(21,647)
Total Receipts	<u>3,751,621</u>	<u>4,798,977</u>	<u>4,444,630</u>	<u>(354,347)</u>
DISBURSEMENTS:				
Operating Expenses:				
Personnel services and benefits	878,005	878,005	873,162	4,843
Other expenses - excluding grant expenses	1,350,929	1,350,929	1,152,263	198,666
Non-Operating Disbursements:				
Customer deposits	-	-	-	-
Debt payments - principal	100,000	783,006	780,151	2,855
Debt payments - interest	122,068	160,418	135,059	25,359
Debt reserve	395,557	395,557	32,773	362,784
Capital outlay - other than from grants	78,000	78,000	39,924	38,076
Capital outlay - grants & loans	827,062	1,153,062	748,720	404,342
Total Disbursements	<u>3,751,621</u>	<u>4,798,977</u>	<u>3,762,052</u>	<u>1,036,925</u>
Excess Receipts over (under) Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,578</u>	<u>\$ 682,578</u>
Beginning Unrestricted Cash			422,337	
Ending Unrestricted Cash			<u>\$ 1,104,915</u>	

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

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
SCHEDULE OF LEGISLATIVE APPROPRIATIONS
 For the Fiscal Year Ended June 30, 2015

	<u>13-L-1676</u>	<u>14-L-1905</u>
Original Appropriation	\$ 229,000	\$ 140,000
Funds Reverted	-	-
Appropriation Remaining	<u>\$ 229,000</u>	<u>\$ 140,000</u>
Expended through June 30, 2015	\$ 95,535	\$ -
Encumbrances	-	-
Total Committed	<u>\$ 95,535</u>	<u>\$ -</u>
Project expiration date	6/30/2017	06/30/208

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

OTHER INFORMATION

STATE OF NEW MEXICO
 ANTHONY WATER AND SANITATION DISTRICT
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000
 For the Fiscal Year Ended June 30, 2015

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>Name and Physical Address per the Procurement Documentation of All Vendors that Responded</u>	<u>In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)</u>	<u>Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer NA</u>	<u>Brief Description of the Scope of Work</u>
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The District did not enter into any new contract or awards during this fiscal year that exceeded the \$60,000.00.

COMPLIANCE SECTION

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
103 6TH ST. N.E., P.O. BOX 179
SOCORRO, NEW MEXICO 87801

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

Mr. Tim Keller, State Auditor, and
Members of the Board of Directors
Anthony Water and Sanitation District
Anthony, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of Anthony Water and Sanitation District (District), Anthony, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the budget comparisons of the District, presented as supplemental information, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Continued

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beckham & Penner P.C.
Certified Public Accountants
Socorro, New Mexico
December 14, 2015

STATE OF NEW MEXICO
ANTHONY WATER AND SANITATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SUMMARY OF FINDINGS:

PRIOR YEAR FINDINGS:

Status

2013-001 Untimely Submission of Audit Report – Compliance

Resolved

CURRENT YEAR FINDINGS:

NONE

FINANCIAL STATEMENT PREPARATION:

The financial statements together with the related notes and supplementary information were prepared by Beckham & Penner, P.C. for the District as of and for the year ended June 30, 2015; however, management acknowledges and accepts responsibility for the financial statements.

EXIT CONFERENCE:

The exit conference was held at the district on December 14, 2015 and was attended by the following:

From Anthony Water and Sanitation District:

Ron Gillette, Board Member

Jose Terrones, Superintendent

Loren Shoonover, Office Manager

From Beckham & Penner P.C. CPA's:

Rick Penner, CPA.