



**PENDARIES VILLAGE MUTUAL
DOMESTIC WATER CONSUMERS ASSOCIATION**

**REPORT OF INDEPENDENT ACCOUNTANTS
ON THE APPLICATION OF
AGREED-UPON PROCEDURES**

OCTOBER 31, 2016

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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**OFFICIAL ROSTER
October 31, 2016**

Board of Directors

Ron Kveton	President
Joel Bartels	Vice President
Larry White	Treasurer
Donna McKenzie	Secretary
Wesley Wood	Member

Report of Independent Accountants on the Application of Agreed-Upon Procedures

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Pendaries Village Mutual Domestic Water Consumers Association (Association) and the New Mexico State Auditor (the specified parties), solely to assist you in evaluating the Association's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries, Budget and Capital Outlay Appropriations information for compliance with Section 12-6-3B (6) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended October 31, 2016. The Association is responsible for its financial reporting to and compliance with the New Mexico State Auditor rules as described above. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and the associated findings are as follows:

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Results of Procedure 1

We obtained and recalculated the revenue calculation and determined that it was properly classified as Tier 6 of the Audit Act.

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

2. Cash

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. [For purposes of performing these procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month and “complete” means that statements for bank and investment accounts are all accounted for by the Association.]
- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD). [For the purpose of performing these procedures, “Accuracy” means that reconciling items agree to deposit slips and subsequent bank statements.]
- c) Determine whether the local public body’s financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures 2(a) – 2(c)

We obtained the bank statements and corresponding bank reconciliations for the Association’s bank accounts. We determined that bank reconciliations are not performed or are not performed in a timely manner. See Schedule of Finding and Response on page 15. We noted that all bank statements for the fiscal year are complete and on hand. The following are the Association’s bank accounts and related bank balances at October 31, 2016:

Community First – Operating \$3,472
Community First – Restricted \$15,385
Community First – RRF \$16,633
Southwest Capital – Prepay \$4,091
Pacific Premier Bank – Operating \$95,050

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
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New Mexico State Auditor

We selected random samples of 2 months (April 2016 and September 2016) of the bank reconciliations and found the reconciliations accurate by selecting the largest reconciling items on the bank reconciliations (up to at least 50% coverage of deposits in transit and outstanding checks) and agreeing the items to deposit slips and/or subsequent bank statements. We also traced ending balances to the general ledger and supporting documentation. In addition, the Association submitted financial reports as required in procedure 2(b).

We determined whether the Association's financial institution provided it with 50% of pledged collateral on uninsured deposit balances. The Association did not have any uninsured funds as of October 31, 2016.

3. Capital Assets

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

Results of Procedure 3

The Association did complete a yearly inventory as required by Section 12-6-10 NMSA 1978.

4. Debt

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements. To verify whether required payments on debt were made, we will compare the payment amount and date (interest and principal) per amortization schedule to the year-end statements with the New Mexico Finance Authority.

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

Results of Procedure 4

We noted total principal and interest payments in the amount of \$87,070 during the year in accordance with the amortization schedule. We compared the total payment amount to the year-end statement from New Mexico Finance Authority without exception. The debt agreement does not contain any reserve requirement. No instances of noncompliance were noted as a result of performing the procedures described in 4.

5. Revenue

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. [For purposes of performing analytical procedures, we inquired of Association's management for explanations of all variances of budget to actual of more than 10%.]

Select a sample of revenues based on auditor judgment [for purposes of procedures in 5(b) and 5(c), we selected a random sample of recorded revenue transactions to achieve a minimum of 50% coverage], and tested for the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

To the Board of Directors
 Pendaries Village Mutual Domestic Water Consumers Association
 and
 Mr. Tim Keller
 New Mexico State Auditor

Results of Procedures 5(a) - 5(c)

It was noted that a budget was approved by the Board of Directors. As a result of performing the analytical review procedures in 5(a), we noted the following variances of more than 10%:

Type	Actual Amount	Budgeted Amount	Variance	Percentage	Inquiry
4065 - Water Sales	\$15,774	\$36,000	(\$20,226)	56%	Per management, the golf course and the RV Park across from Pendaries did not use as much water as expected.
4700 - Fines, legal, liens	\$1,391	N/A	\$1,391	N/A	Per management, this was excluded from the budget due to an oversight related to the migration to corporate office and new accounting software.
4810 - Prior Yr Income (Collections on prior year accounts)	\$4,736	\$5,990	(\$1,254)	21%	Per management, collections on prior year assessments lower than anticipated.
4835 - Miscellaneous Income	\$1,246	N/A	\$1,246	N/A	Per management, this was excluded from the budget due to an oversight related to the migration to corporate office and new accounting software.

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

The following items were selected for procedures 5(b) – 5(c), representing 53% coverage of revenues, as follows:

Type	Date	Number	Memo	Amount
General Journal	7/13/2016	776	RPI Water Sales June 2016	\$ (1,967.20)
General Journal	3/7/2016	716	Prepay Water Fee	(59.00)
General Journal	5/31/2016	749	Prepay Water Fee	(59.00)
General Journal	6/14/2016	760	Prepay water fee	(200.00)
General Journal	7/11/2016	773	Prepay	(150.00)
General Journal	8/1/2016	784	Prepay	(59.00)
General Journal	10/4/2016	816	Prepay water fee	(73.33)
Check	10/29/2016	1001	Prepaid Water Fees	4,091.84
Deposit	12/31/2015		Interest	(3.25)
Invoice	1/1/2016	FC 18	Finance Charges on Overdue Balance	(3.79)
Invoice	1/1/2016	FC 19	Finance Charges on Overdue Balance	(3.79)
Invoice	1/1/2016	FC 20	Finance Charges on Overdue Balance	(17.52)
Invoice	1/1/2016	FC 22	Finance Charges on Overdue Balance	(7.59)
Invoice	1/1/2016	FC 23	Finance Charges on Overdue Balance	(21.32)
Invoice	1/1/2016	FC 38	Finance Charges on Overdue Balance	(3.79)
Invoice	1/1/2016	FC 41	Finance Charges on Overdue Balance	(3.79)
Invoice	1/1/2016	FC 60	Finance Charges on Overdue Balance	(3.79)
Invoice	1/1/2016	FC 65	Finance Charges on Overdue Balance	(7.59)
Invoice	1/1/2016	FC 68	Finance Charges on Overdue Balance	(15.18)
Invoice	1/1/2016	FC 100	Finance Charges on Overdue Balance	(11.38)
Invoice	1/1/2016	FC 102	Finance Charges on Overdue Balance	(7.59)
Invoice	1/1/2016	FC 103	Finance Charges on Overdue Balance	(11.38)
Invoice	2/1/2016	FC 227	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 249	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 259	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 262	Finance Charges on Overdue Balance	(10.83)
Invoice	2/1/2016	FC 269	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 279	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 280	Finance Charges on Overdue Balance	(5.79)
Invoice	2/1/2016	FC 282	Finance Charges on Overdue Balance	(10.83)
Invoice	2/1/2016	FC 288	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 298	Finance Charges on Overdue Balance	(1.93)
Invoice	2/1/2016	FC 299	Finance Charges on Overdue Balance	(10.83)
Invoice	2/1/2016	FC 308	Finance Charges on Overdue Balance	(5.79)
Deposit	4/30/2016		Interest	(21.25)
General Journal	11/30/2015	656	Assessment Allocation take to income Nov 2015	(20,092.00)
General Journal	12/31/2015	673	Assessment Allocation take to income Nov 2015	(20,092.00)
General Journal	2/29/2016	705	Assessment Allocation take to income Feb 2015	(20,092.00)
General Journal	4/30/2016	741	Assessment Allocation take to income Apr 2016	(20,092.00)
General Journal	5/31/2016	750	Assessment Allocation take to income May 2016	(20,092.00)
General Journal	6/30/2016	762	Assessment Allocation take to income June 2016	(20,092.00)
General Journal	10/31/2016	820	Assessment Allocation take to income Nov 2015	(20,081.08)
Invoice	7/31/2016	348	1,833,900 Gallons @.00075 per gallon irrigation	(1,375.43)
Invoice	5/30/2016	342	Resort Water Sales, Golf Shop	(75.00)
Invoice	5/30/2016	342	Resort Water Sales, HOA	(253.00)
Invoice	7/31/2016	347	Resort Water Sales, Golf Shop	(175.00)
Invoice	7/31/2016	347	Resort Water Sales, HOA	(254.00)
Invoice	8/31/2016	350	Resort Water Sales, Golf Shop	(175.00)
Invoice	9/30/2016	354	Resort Water Sales, Golf Shop	(150.00)
Invoice	9/30/2016	354	Resort Water Sales, Restaurant/Bar	(100.00)
Invoice	10/31/2016	357	Resort Water Sales, Lodge	(25.00)
Invoice	12/30/2015	335	Lot Assessment	(624.00)
Invoice	3/31/2016	338	Lot Assessment	(624.00)

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
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New Mexico State Auditor

No other instances of noncompliance were noted as a result of performing the procedures described in 5(b) – 5(c).

6. Expenditures

Select a sample of cash disbursements based on auditor judgment [for purposes of steps 6(b) and 6(c), we randomly selected a sample of cash disbursements, to achieve 50% of total expenditures] and test using the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. [For purposes of performing these procedures, disbursements will be considered authorized and approved in compliance with the budget, legal requirements and established policies and procedures if there is evidence of review such as sign off on invoices or approval through correspondence].
- c) Determine that the bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

To the Board of Directors
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Results of Procedures 6(a) – 6(c)

The following cash disbursements (representing 50% of the total expenditures) were selected and the procedures described in 6(a) – 6(c) above were performed:

Date	Vendor		Amount
11/01/2015	NMFA PPRF Project Funding	-SPLIT-	\$ 7,255.62
11/03/2015	Howards Sand & Gravel	6301 - Repairs - Water	476.94
11/04/2015	Jamco Electric Motor Repair, Inc	1503 - Water Distribution	1,232.89
11/09/2015	Hacienda Home Centers	6301 - Repairs - Water	104.07
11/23/2015	Dewco Pumps & Equipment, Inc	6301 - Repairs - Water	224.56
11/30/2015	Pendaries Village	6400 - Insurance Expense	470.58
12/21/2015	USA BlueBook	6302 - Chemicals & Supplies	69.00
12/30/2015	Pendaries Village	6375 - Monthly Maintenance Expense	6,000.00
12/31/2015	Pendaries Village	6400 - Insurance Expense	470.58
12/31/2015	Pendaries Village	6826 - Admin Allocation	1,268.00
12/31/2015	Pendaries Village Mutual Domestic	1110 - Community First - General Opera	1,266.50
12/31/2015	Pendaries Village	6826 - Admin Allocation	227.00
01/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,255.62
01/01/2016	Pendaries Village Mutual Domestic	1115 - Community First - RRF	1,518.00
01/01/2016	Pendaries Village Mutual Domestic	1115 - Community First - RRF	6,803.86
01/01/2016	Baker Utility Supply	1110 - Community First - General Opera	2,889.00
01/13/2016	Garcia Underground, Inc	6325 - Emergency & Special Project Exp	4,420.76
01/14/2016	Pendaries Village Mutual Domestic	1110 - Community First - General Opera	6,046.67
01/22/2016	Hays Plumbing & Heating, Inc	6301 - Repairs - Water	43.13
01/29/2016	Mora-San Miguel Electric Coop	6202 - Electricity	1,118.49
01/31/2016	Pendaries Village	6826 - Admin Allocation	2,136.00
02/01/2016	Extreme Power Electric	6325 - Emergency & Special Project Exp	1,440.00
02/08/2016	NM Secretary of State	6500 - Interest/Fee Expense	10.00
02/26/2016	Mora-San Miguel Electric Coop	6202 - Electricity	1,130.77
02/29/2016	Pendaries Village	6375 - Monthly Maintenance Expense	6,000.00
02/29/2016	Pendaries Village Mutual Domestic	1115 - Community First - RRF	1,772.00
02/29/2016	Pendaries Village Mutual Domestic	1120 - Comunity First-Restricted Cont	273.00
02/29/2016	Taxation and Revenue Department	2202 - Sales Tax Payable	698.49
02/29/2016	Pendaries Village	6826 - Admin Allocation	955.00
03/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,255.62
03/30/2016	USA BlueBook	6301 - Repairs - Water	238.10
03/31/2016	Pendaries Village Mutual Domestic	1115 - Community First - RRF	131.00
03/31/2016	Pendaries Village	6826 - Admin Allocation	4,648.00
04/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,255.52
04/26/2016	Moss Adams LLP	6810 - Outside Services	8,575.00
05/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,256.02
05/27/2016	Mora-San Miguel Electric Coop	6202 - Electricity	266.98
05/31/2016	Canyon Gate Real Estate LLC	6825 - Misc Exp	68.04
06/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,256.02
06/14/2016	Mora-San Miguel Electric Coop	6202 - Electricity	69.35
06/30/2016	Pendaries Village	6375 - Monthly Maintenance Expense	6,000.00
07/13/2016	Taxation and Revenue Dept-Water Cons	6823 - Other Fees	111.35
07/16/2016	Extreme Power Electric	6325 - Emergency & Special Project Exp	1,178.50
07/19/2016	Mora-San Miguel Electric Coop	6202 - Electricity	1,706.68
08/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,256.02
08/25/2016	Mora-San Miguel Electric Coop	6202 - Electricity	1,906.84
08/31/2016	Pendaries Village	6400 - Insurance Expense	470.58
08/31/2016	Pendaries Village	6375 - Monthly Maintenance Expense	6,000.00
09/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,256.02
09/30/2016	Pendaries Village	6375 - Monthly Maintenance Expense	6,000.00
09/30/2016	Pendaries Village	6826 - Admin Allocation	2,782.00
10/01/2016	NMFA PPRF Project Funding	-SPLIT-	7,256.02
10/07/2016	Pendaries Village Mutual Domestic	1120 - Comunity First-Restricted Cont	2.00
10/31/2016	Pendaries Village	6400 - Insurance Expense	470.58
10/31/2016	Hays Plumbing & Heating, Inc	-SPLIT-	161.48

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

No instances of noncompliance were noted as a result of performing the procedures described in 6(a) – 6(c).

7. Journal Entries

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation. [A journal entry is considered reasonable if: i. explanation is consistent with the nature of the adjustment, and the general ledger accounts affected, ii. Supporting documentation (invoices, contracts, correspondence, calculations, etc.) agrees with the journal entry details.]
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures 7(a) – 7(b)

All entries with the exception of the entries related to the conversion from the QuickBooks software to the Management Company's C3 software were routine journal entries such as assessments, debt service payments, depreciation, etc. QuickBooks and C3 software is used for accounting processing, which was obtained and reviewed. Journal entries are reviewed in conjunction with the approval of disbursements, and during the review of monthly financial statements.

No instances of noncompliance were noted as a result of performing the procedures described in 7(a) – 7(b).

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

8. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

Results of Procedures 8(a) – 8(c)

It was noted that a budget was approved by the Board of Directors and submitted to DFA-LGD.

No instances of noncompliance were noted as a result of performing the procedures described in 8(a)-8(c). See Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis) on page 14 of this report.

9. Capital Outlay Appropriations

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
and
Mr. Tim Keller
New Mexico State Auditor

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether costs were paid by the local public body prior to the request for reimbursement.

To the Board of Directors
Pendaries Village Mutual Domestic Water Consumers Association
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Mr. Tim Keller
New Mexico State Auditor

Results of Procedures 9(a) - 9(i)

The Association did not expend any capital outlay for the year ended October 31, 2016. Hence, procedures for Capital Outlay Appropriations are not applicable.

Other

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

Results of Procedure - Other

Schedule of Finding and Response is included on page 15 of this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association's financial reporting as of and for the year ended October 31, 2016, to the New Mexico State Auditor as described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Association, Office of the State Auditor, New Mexico Legislature and the Department of Finance and Administration and is not intended to be, and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
March 21, 2017

PENDARIES VILLAGE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (CASH BASIS)
Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments	\$ 265,677	\$ 265,677	\$ 243,640	\$ (22,037)
Water sales	36,000	36,000	20,918	(15,082)
Total revenues	<u>301,677</u>	<u>301,677</u>	<u>264,558</u>	<u>(37,119)</u>
Expenditures				
General government	180,777	180,777	159,319	21,458
Total expenditures	<u>180,777</u>	<u>180,777</u>	<u>159,319</u>	<u>21,458</u>
Change in net position	120,900	120,900	105,239	<u>\$ (15,661)</u>
Adjustments to GAAP				
Depreciation			(76,186)	
Others			(12,010)	
			<u>(88,196)</u>	
GAAP Basis Change in Net Position			17,043	
Net position, beginning of year	<u>288,859</u>	<u>288,859</u>	<u>288,859</u>	
Net position, end of year	<u>\$ 409,759</u>	<u>\$ 409,759</u>	<u>\$ 305,902</u>	

**PENDARIES VILLAGE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDING AND RESPONSE
Year Ended October 31, 2016**

2016-001 Cash Reconciliations

CONDITION/CONTEXT

The bank reconciliations for one account were not provided for the months of April or May 2016. In addition, the bank reconciliations for another account were completed late for the months of December 2015 and August 2016, and were not reconciled until February 2, 2016 and October 25, 2016, respectively.

CRITERIA

Bank reconciliations are to be performed and completed in a timely manner. [For purposes of performing these procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month].

CAUSE

The Association’s Management Company did not provide the bank reconciliations for April or May 2016. For both months, the bank balance agreed to the balance per the general ledger. The Association’s Business Manager received the bank statements late, which resulted in the late completion of the bank reconciliations for two months for one account.

EFFECT

The Association is not in compliance with the Tier 6 Agreed-Upon Procedures requirements for cash.

RECOMMENDATION

Management should ensure that bank reconciliations are provided by the Management Company and that bank statements are received timely so that bank reconciliations can be performed within one month of the last reporting month. Online access to bank statements may help to facilitate timely receipt and reconciliation.

MANAGEMENT’S RESPONSE

The bank reconciliations were completed late due to the late receipt of the bank statements. There was no bank activity for the month of May so the bank balance agreed to the prior month’s ending balance, which agreed to the general ledger. The exclusion of the April bank reconciliation was an oversight and the bank balance agreed to the general ledger balance. The account reconciliations will be completed by our corporate office. Bank statements will be sent to corporate as soon as they are printed at the end of each month and the Corporate Accountant will be responsible reconciling them in a timely manner, within one month of the last day of the reporting month. We expect to clear this finding in the next quarter.

**PENDARIES VILLAGE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
Year Ended October 31, 2016**

An exit conference was held on March 21, 2017.

Attending were the following:

Representing Pendaries Village Mutual Domestic Water Consumers Association:

Ron Kveton, President
Kim Corcoran, General Manager
Linda Apodaca, Business Manager

Representing Moss Adams LLP:

Jaime Rumbaoa, Senior Manager