

PICACHO MUTUAL DOMESTIC WATER CONSUMERS  
ASSOCIATION

AGREED-UPON PROCEDURES

DECEMBER 31, 2015

**PICACHO MUTUAL DOMESTIC WATER  
 CONSUMERS ASSOCIATION  
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 DECEMBER 31, 2015**

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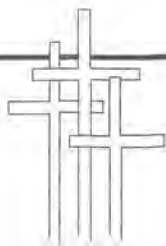
**PICACHO MUTUAL DOMESTIC WATER  
CONSUMERS ASOCIATION  
OFFICIAL ROSTER  
DECEMBER 31, 2015**

LARRY COVINGTON, PRESIDENT

LOUIS GRIJALVA, VICE-PRESIDENT

ALAN FISHER, SECRETARY/TREASURER

MICHAEL FLYNN, DIRECTOR



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and New Mexico State Auditor  
Tim Keller  
Picacho Mutual Domestic Water Consumers Association  
Las Cruces, New Mexico

We have performed the procedures shown in Exhibit A, attached to this report. The procedures were agreed to by Picacho Mutual Domestic Water Consumers Association through the Office of the State Auditor, solely to assist you with respect to the compliance of the Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC of Picacho Mutual Domestic Water Consumers Association as of December 31, 2015. Picacho Mutual Domestic Water Consumers Association's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings can be found on Exhibit A, attached to this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. The accompanying Exhibit C – Statement of Budget vs. Actual (approved by DFA-LGD); Exhibit D – Statement of Assets, Liabilities, and Net Assets and Schedule of Revenues and Expenses – Modified Cash Basis for the year ended December 31, 2015 were not audited by us, and accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Picacho Mutual Domestic Water Consumers Association, the Department of Finance and Administration-Local Government Division, the NM State Legislature and New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Clifford, Ross & Cooper, LLC  
Las Cruces, New Mexico  
March 15, 2016

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

1)	<b>CASH</b>	
	a)	<p>The Contractor shall 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.</p> <p><b>Procedure:</b> Obtained copies of all bank reconciliations and bank statements for the year. Verified that the banks were reconciled each month, reviewed the bank reconciliations.</p> <p><b>Finding:</b> We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. The following are the Association's bank accounts and related reconciled cash balance at December 31, 2015: Citizens Bank - Operating - \$19,492.12; Citizens Bank - Colonias \$192.46; Citizens Bank - Construction - \$86.98; Edward Jones - investments - \$458,107.13. All bank reconciliations are performed on a timely basis and all were complete and on-hand.</p>
	b)	<p>The Contractor shall 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</p> <p><b>Procedure:</b> Six months of bank reconciliations were recomputed to determine accuracy. The monthly bookkeeping is done by Mesilla Valley Accounting. Books are kept on QuickBooks and reconciled through QuickBooks. We compared the cash balances per bank reconciliations to the respective general ledger account balances. Monthly financial statements are presented to the Board of Directors by Mesilla Valley Accounting for approval. Noted Mesilla Valley Accounting provides monthly financials to DFA upon request. Noted year end financials provided to DFA.</p> <p><b>Finding:</b> All bank reconciliations tested revealed no exceptions.</p>
	c)	<p>The Contractor shall determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable</p> <p><b>Procedure:</b> The bank statements for the entire fiscal year ending December 31, 2015 were reviewed for balances.</p> <p><b>Finding:</b> Bank account balances did exceed the uninsured limits once during the year ended December 31, 2015 and, the Association had the appropriate pledged collateral from the bank.</p>
2)	<b>CAPITAL ASSETS</b>	<p>The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978</p> <p><b>Procedure:</b> Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting Noted additions to assets each year. Noted inventory was performed and certified by Board Member.</p> <p><b>Finding:</b> Yearly inventory was performed and certified. No discrepancies noted.</p>
3)	<b>REVENUE</b>	<p>The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation</p> <p>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 the Association's management for explanation of all variances of budget to actual of more than 5%.</p>

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

**3) REVENUE (continued)**

The Contractor shall test based on auditor judgment the total amount of revenues for the following attributes:  
 Select a sample of revenues based on auditor judgment (for purpose of procedures in 3(b) and 3(c), we selected a haphazard sample of recorded revenue transactions to achieve a minimum of 50% coverage) and test using the following attributes:

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

**Results of Procedures:**

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue showed an under budget of total revenues at the end of the year as a result of lower water usage.

	<b>Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance</b>	<b>Percentage</b>
Water Sales	\$ 154,550	\$ 142,451	\$ (12,099)	-8%
Certified Letter fees	\$ 2,300	\$ 2,263	\$ (37)	-2%
Installation Fees	\$ -	\$ (200)	\$ (200)	-100%
Late fees	\$ 4,000	\$ 4,188	\$ 188	5%
Membership/Transfer	\$ -	\$ 300	\$ 300	100%
Meter Tampering	\$ -	\$ 2,750	\$ 2,750	100%
Parity fees	\$ -	\$ 450	\$ 450	100%
Reconnection fees	\$ 1,150	\$ 1,350	\$ 200	100%
Repairs	\$ -	\$ 55	\$ 55	100%
Returned Check fees	\$ -	\$ 140	\$ 140	100%
Service call	\$ -	\$ 1,236	\$ 1,236	100%
Water Rights Acquisitio	\$ -	\$ 6,000	\$ 6,000	100%
Interest Income	\$ 19,500	\$ 19,500	\$ -	100%
NMFA Grant	\$ 233,490	\$ 233,490	\$ -	100%

The following items were selected for procedures 3(b)-3(c):

<b>Receipts Date</b>	<b>Payer</b>	<b>Description</b>	<b>Amount</b>
2/9/2015	Client fees	Water Usage Fees	\$ 3,740.04
2/11/2015	Client fees	Water Usage Fees	\$ 919.80
2/18/2015	Client fees	Water Usage Fees	\$ 2,567.42
2/24/2015	Client fees	Water Usage Fees	\$ 2,714.01
2/26/2015	Client fees	Water Usage Fees	\$ 582.86
4/6/2015	Client fees	Water Usage Fees	\$ 475.36
4/15/2015	Client fees	Water Usage Fees	\$ 2,179.88
4/21/2015	Client fees	Water Usage Fees	\$ 2,631.03
4/27/2015	Client fees	Water Usage Fees	\$ 2,304.93
6/4/2015	Client fees	Water Usage Fees	\$ 4,723.23
6/10/2015	Client fees	Water Usage Fees	\$ 1,717.12
6/17/2015	Client fees	Water Usage Fees	\$ 4,182.65
6/24/2015	Client fees	Water Usage Fees	\$ 3,128.38
6/30/2015	Client fees	Water Usage Fees	\$ 2,815.75
8/7/2015	Client fees	Water Usage Fees	\$ 5,773.48
8/12/2015	Client fees	Water Usage Fees	\$ 1,231.21
8/19/2015	Client fees	Water Usage Fees	\$ 1,270.93
8/26/2015	Client fees	Water Usage Fees	\$ 5,196.50
8/31/2015	Client fees	Water Usage Fees	\$ 3,184.67
10/6/2015	Client fees	Water Usage Fees	\$ 3,694.89
10/14/2015	Client fees	Water Usage Fees	\$ 2,082.97
10/21/2015	Client fees	Water Usage Fees	\$ 3,966.22
10/28/2015	Client fees	Water Usage Fees	\$ 4,083.81
12/4/2015	Client fees	Water Usage Fees	\$ 4,490.41
12/9/2015	Client fees	Water Usage Fees	\$ 1,511.32
12/16/2015	Client fees	Water Usage Fees	\$ 1,593.13
12/23/2015	Client fees	Water Usage Fees	\$ 4,181.50
12/30/2015	Client fees	Water Usage Fees	\$ 2,518.12



**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

3)	<b>REVENUE (continued)</b>								
	<b>Finding:</b>								
	b)	Amounts recorded in the general ledger agreed with supporting documentation and the bank statements.							
	c)	Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.							
4)	<b>EXPENDITURES</b>								
	The Contractor shall select a sample of cash disbursements based on auditor judgment and test using the following attributes:								
	a)	Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled 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 were considered to be properly authorized if they contained 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).							
	Note: The sample must be representative of the population.								
	The following cash disbursements were selected and the procedures described in 4(a) - 4(c) above were performed:								
		<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Description</b>			<b>Check Amount</b>	
		1/21/2015	ACH	El Paso Electric	Utility			\$ 16.24	
		1/21/2015	5159	DPC Industries	Operations and Maintenance			\$ 277.52	
		1/21/2015	5161	Pure Operations, LLC	Operations and Maintenance			\$ 8,802.88	
		2/18/2015	5165	Pure Operations, LLC	Operations and Maintenance			\$ 6,253.26	
		2/18/2015	5166	Watson Law Office, LLC	Legal fees			\$ 233.57	
		2/18/2015	5169	Mesilla Valley Accounting, PC	Accounting services			\$ 3,073.48	
		2/18/2015	5172	DPC Industries	Operations and Maintenance			\$ 24.00	
		3/18/2015	5178	DAC Treasurer	Taxes			\$ 282.68	
		3/18/2015	5180	Pure Operations, LLC	Operations and Maintenance			\$ 5,609.84	
		3/18/2015	5184	Rio Grande Pump & Supply	Operations and Maintenance			\$ 366.00	
		3/18/2015	5185	Watson Law Office, LLC	Legal fees			\$ 80.95	
		4/15/2015	ACH	El Paso Electric	Utility			\$ 446.12	
		4/15/2015	ACH	NM Taxation & Revenue	Gross Receipts Tax			\$ 402.17	
		4/15/2015	5191	Pure Operations, LLC	Operations and Maintenance			\$ 9,683.42	
		5/20/2015	ACH	El Paso Electric	Utility			\$ 670.15	
		5/20/2015	5195	Rio Grande Pump & Supply	Operations and Maintenance			\$ 895.94	
		5/20/2015	5197	Larry Covington	Reimbursement			\$ 344.55	
		5/29/2015	5200	NM Finance Authority	Loan Payment			\$ 3,148.00	
		6/17/2015	ACH	CenturyLink	Telephone			\$ 118.07	
		6/17/2015	5203	NM Taxation & Revenue	Water conservation fee			\$ 104.79	
		6/17/2015	5208	Mesilla Valley Accounting, PC	Accounting services			\$ 3,112.67	
		7/15/2015	5209	Clifford, Ross & Cooper, LLC	Accounting services			\$ 5,957.19	
		7/15/2015	5213	Pure Operations, LLC	Operations and Maintenance			\$ 9,414.11	
		7/15/2015	ACH	NM Taxation & Revenue	Gross Receipts Tax			\$ 760.31	
		7/31/2015	5216	Cattle Baron	Meeting			\$ 473.23	
		8/19/2015	ACH	El Paso Electric	Utility			\$ 1,063.00	
		8/19/2015	5222	Pure Operations, LLC	Operations and Maintenance			\$ 4,510.04	
		8/31/2015	5224	Elephant Butte Irrigation District	Irrigation fees			\$ 54.16	
		9/16/2015	ACH	El Paso Electric	Utility			\$ 309.19	
		9/16/2015	5226	Watson Law Office, LLC	Legal fees			\$ 601.13	
		9/16/2015	5229	Mesilla Valley Accounting, PC	Accounting services			\$ 3,372.71	

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

**4) EXPENDITURES (continued)**

Check Date	Check Number	Payee	Description	Check Amount
10/21/2015	ACH	CenturyLink	Telephone	\$ 119.54
10/21/2015	5233	Elephant Butte Irrigation District	Water usage fee	\$ 3,166.67
11/18/2015	ACH	El Paso Electric	Utility	\$ 635.53
11/18/2015	5242	Cross Town Construction	Operations and Maintenance	\$ 1,270.66
11/18/2015	5246	Mesilla Valley Accounting	Accounting services	\$ 3,905.89
12/16/2015	5750	Pat Campbell Insurance	Insurance	\$ 6,199.00
12/16/2015	5751	Watson Smith, LLC	Legal fees	\$ 471.16
12/16/2015	5753	DPC Industries, Inc.	Operations and Maintenance	\$ 433.22
12/16/2015	5754	Pure Operations, LLC	Operations and Maintenance	\$ 4,676.61
1/21/2015	1035	Engineers, Inc.	Construction	\$ 14,948.50
2/26/2015	1038	Engineers, Inc.	Construction	\$ 11,998.40
2/26/2015	1036	Triple J Excavation, Inc.	Construction	\$ 18,905.20
2/26/2015	1037	Triple J Excavation, Inc.	Construction	\$ 273,175.60
5/20/2015	1040	Engineers, Inc.	Construction	\$ 2,225.29
7/15/2015	1041	Engineers, Inc.	Construction	\$ 1,116.24

**Results of Procedures 4(a) - 4(c):**

- a) Tested 40 out of 162 total population of cash disbursements from the operating account.  
Tested 6 out of 6 total population of cash disbursements from the construction account  
The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee, date and description agreed with the vendor's invoice, purchase invoice, purchase order, contract and cancelled check, as appropriate.
- b) Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements.
- c) The bid process (or request for proposal process, if applicable), purchase order, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations governing the Per Diem and Mileage Act (2.42.2 NMAC).

**Finding:**

No discrepancies were noted.

**5) JOURNAL ENTRIES**

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

- a) Journal entries appear reasonable and have supporting documentation. (A journal entry is considered reasonable if: the explanation is consistent with the nature of the adjustment and the general ledger accounts affected and supporting documentation 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

The following journal entries were selected and the procedures described 5(a) - 5(b) above were performed:

Date	Description	Account	Debit	Credit
2/1/2015	Reverse of GJE - Deposit in transit	Deposit in transit		\$ 3,740.04
	Reverse of GJE - Deposit in transit	Water Customers	\$ 3,740.04	
4/30/2015	Deposit in transit	Deposit in transit	\$ 3,547.41	
	Deposit in transit	Water Customers		\$ 3,547.41
6/25/2015	Monthly Debit Authorization to USDA	Loan Payment	\$ 3,462.00	
	Monthly Debit Authorization to USDA	Loan Payment		\$ 3,462.00



**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

5) JOURNAL ENTRIES (continued)						
Date	Description	Account	Debit	Credit		
8/31/2015	Monthly Activity	Water Customer	\$20,274.25			
	Monthly Activity	Water Sales		\$ 16,338.33		
	Monthly Activity	Certified Letter		\$ 198.00		
	Monthly Activity	Late Fees		\$ 316.28		
	Monthly Activity	Gross receipts tax		\$ 816.92		
	Monthly Activity	Meter Tampering		\$ 2,500.00		
	Monthly Activity	Repairs		\$ 54.72		
	Monthly Activity	Membership		\$ 50.00		
10/31/2015	Record depreciation	Depreciation	\$ 1,349.04			
	Record depreciation	Accumulated depreciation		\$ 1,349.04		
12/31/2015	NM Rural Water Users Associaiton fees	Dues and Subscriptions	\$ 264.00			
	NM Rural Water Users Associaiton fees	Prepaid Expense		\$ 264.00		
<b>Results of Procedures 4(a) - 4(c):</b>						
a)	Journal entries appear reasonable and have supporting documentation.					
b)	The Association has a review process for journal entries and the journal entries tested have evidence of review.					
<b>Finding:</b>						
No discrepancies noted.						
6) BUDGET						
The Contractor shall obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:						
a)	Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.					
b)	Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.					
c)	From the original and final approved budgets and general ledger, prepare a schedule of 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.					
<b>Results of Procedures 4(a) - 4(c):</b>						
a)	Obtained copy of overall budget for the local public body. Obtained Minutes of the Board and reviewed for approval of budget and budget adjustments. Noted the overall budget was approved by the Board.					
b)	Total actual expenditures did not exceed the final budget approved for the Association Budget was sent to DFA, noted approval letter from DFA					
c)	A schedule of revenues and expenses - budget and actual was prepared from the Association record on the cash budgetary basis.					
<b>Finding:</b>						
No discrepancies noted.						
<b>OTHER</b>						
If information comes to the Contractor'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.						
<b>Finding:</b>						
No indication of any fraud, illegal acts, noncompliance, or any internal control deficiencies were noted during the agreed-upon procedures test work.						

STATE OF NEW MEXICO  
 PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 EXHIBIT B  
 BUDGET AND ACTUAL - Modified Cash Basis

Statement of Revenues and Expenditures  
 Budget and Actual  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
<b>REVENUES</b>				
Water sales	\$ 167,000	\$ 154,550	\$ 142,451	\$ (12,099)
Certified letter fees	1,500	2,300	2,263	(37)
Installation fees	-	-	(200)	(200)
Late fees	2,000	4,000	4,188	188
Membership/transfer fees	-	-	300	300
Meter tampering fees	-	-	2,750	2,750
Parity fees	-	-	450	450
Reconnection fees	350	1,150	1,350	200
Repairs	-	-	55	55
Returned check fees	-	-	140	140
Service call	-	-	1,236	1,236
Water rights acquisition fees	-	-	6,000	6,000
<b>Total revenues</b>	<b>170,850</b>	<b>162,000</b>	<b>160,983</b>	<b>(1,017)</b>
<b>EXPENDITURES</b>				
Annual meeting	45	-	-	-
Bad debt	-	140	139	1
Bank service charges	50	5	5	-
Chemicals	8,000	6,000	5,792	208
Conference/training	550	225	225	-
Contract labor	2,000	1,000	921	79
Depreciation expense	16,189	16,189	16,188	1
Dues and subscriptions	750	862	1,125	(263)
Equipment (Non Asset)	-	9,900	9,815	85
Equipment rental	500	1,283	1,283	-
General expenses	500	2,132	2,132	-
Insurance	5,000	4,950	5,400	(450)
Internet	-	2,850	2,847	3
Licenses and permits	35	731	731	-
Meals and entertainment	500	474	473	1
Office expenses	1,500	126	177	(51)
Other taxes	-	-	574	(574)
Professional fees	38,100	46,058	44,113	1,945
Property taxes	550	575	-	575
Rent	15	14	14	-
System operator	40,000	48,000	44,843	3,157
System repairs and parts	5,000	5,000	3,763	1,237
Travel reimbursements	1,000	418	417	1
Utilities	20,000	13,500	13,277	223
Water conservation fees	1,500	950	934	16
Water testing	100	-	-	-
<b>Total expenditures</b>	<b>141,884</b>	<b>161,382</b>	<b>155,188</b>	<b>6,194</b>
Excess (deficiency) of revenues over expenditures	<b>28,966</b>	<b>618</b>	<b>5,795</b>	<b>5,177</b>
<b>NONOPERATING REVENUES AND EXPENDITURES</b>				
Interest	10,000	19,500	19,705	205
Grant revenues	-	233,490	233,490	-
Bond premium	-	-	(566)	-
Unrealized loss (gain) on investment	-	-	(1,672)	(1,672)
<b>Total nonoperating revenues &amp; expenditures</b>	<b>10,000</b>	<b>252,990</b>	<b>250,957</b>	<b>(1,467)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	<b>38,966</b>	<b>253,608</b>	<b>\$ 256,752</b>	<b>\$ 3,710</b>
Budgeted cash carryover	-	-	-	-
	<b>\$ 38,966</b>	<b>\$ 253,608</b>		

## EXHIBIT C

*Target 100%*

**Picacho MDWCA**  
**Profit & Loss Budget vs. Actual**  
January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Operating Revenues</b>				
Water Sales	142,451.33	154,550.00	-12,098.67	92.2%
Certified Letter Fees	2,263.13	2,300.00	-36.87	98.4%
Installation Fees	-200.00	0.00	-200.00	100.0%
Late Fees	4,188.49	4,000.00	188.49	104.7%
Membership/Transfer Fees	300.00	0.00	300.00	100.0%
Meter Tampering Fee	2,750.00	0.00	2,750.00	100.0%
Parity Fees	450.00	0.00	450.00	100.0%
Reconnection Fees	1,350.00	1,150.00	200.00	117.4%
Repairs	54.72	0.00	54.72	100.0%
Returned Check Fees	140.00	0.00	140.00	100.0%
Service Call	1,235.59	0.00	1,235.59	100.0%
Water Rights Acquisition Fee	6,000.00	0.00	6,000.00	100.0%
Water Tests	0.00	0.00	0.00	0.0%
<b>Total Operating Revenues</b>	<b>160,983.26</b>	<b>162,000.00</b>	<b>-1,016.74</b>	<b>99.4%</b> ✓
<b>Total Income</b>	<b>160,983.26</b>	<b>162,000.00</b>	<b>-1,016.74</b>	<b>99.4%</b>
<b>Expense</b>				
<b>Operating Expenses</b>				
Annual Meeting	0.00	0.00	0.00	0.0%
Bad Debt	139.34	140.00	-0.66	99.5%
Bank Service Charges	4.95	5.00	-0.05	99.0%
Chemicals	5,792.19	6,000.00	-207.81	96.5%
Conference/Training	225.00	225.00	0.00	100.0%
Contract Labor	920.66	1,000.00	-79.34	92.1%
Depreciation Expense	16,188.48	16,189.00	-0.52	100.0%
Dues and Subscriptions	1,125.24	862.00	263.24	130.5%
Equipment (Non Asset)	9,815.12	9,900.00	-84.88	99.1%
Equipment Rental	1,282.56	1,283.00	-0.44	100.0%
General Expenses	2,132.00	2,132.00	0.00	100.0%
Insurance	5,400.00	4,950.00	450.00	109.1%
Interest Expense	0.00	0.00	0.00	0.0%
Internet Service	2,847.49	2,850.00	-2.51	99.9%
Licenses and Permits	730.83	731.00	-0.17	100.0%
Meals and Entertainment-100%	473.23	474.00	-0.77	99.8%
Office Expenses	177.45	126.00	51.45	140.8%
Other Taxes	574.47	0.00	574.47	100.0%
<b>Professional Fees</b>				
Accounting	37,025.37	38,000.00	-974.63	97.4%
Engineering	0.00	0.00	0.00	0.0%
Legal Fees	1,130.50	2,100.00	-969.50	53.8%
Tier Reporting/Audit	5,957.19	5,958.00	-0.81	100.0%
<b>Total Professional Fees</b>	<b>44,113.06</b>	<b>46,058.00</b>	<b>-1,944.94</b>	<b>95.8%</b>
<b>Property Taxes</b>	<b>0.00</b>	<b>575.00</b>	<b>-575.00</b>	<b>0.0%</b>
<b>Rent</b>	<b>13.56</b>	<b>14.00</b>	<b>-0.44</b>	<b>96.9%</b>
<b>System Operator</b>	<b>44,842.79</b>	<b>48,000.00</b>	<b>-3,157.21</b>	<b>93.4%</b>
<b>System Repairs and Parts</b>	<b>3,763.38</b>	<b>5,000.00</b>	<b>-1,236.62</b>	<b>75.3%</b>
<b>Telephone</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Travel Reimbursement</b>	<b>417.49</b>	<b>418.00</b>	<b>-0.51</b>	<b>99.9%</b>
<b>Utilities</b>	<b>13,277.25</b>	<b>13,500.00</b>	<b>-222.75</b>	<b>98.4%</b>
<b>Water Conservation Fees</b>	<b>933.62</b>	<b>950.00</b>	<b>-16.38</b>	<b>98.3%</b>
<b>Water Testing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>155,190.16</b>	<b>161,382.00</b>	<b>-6,191.84</b>	<b>96.2%</b>
<b>Total Expense</b>	<b>155,190.16</b>	<b>161,382.00</b>	<b>-6,191.84</b>	<b>96.2%</b> ✓
<b>Net Ordinary Income</b>	<b>5,793.10</b>	<b>618.00</b>	<b>5,175.10</b>	<b>937.4%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
<b>Nonoperating Revenues</b>				
Interest Income	19,704.93	19,500.00	204.93	101.1%
Recovery of Bad Debt	0.00	0.00	0.00	0.0%
NMFA Grant	233,490.00	233,490.00	0.00	100.0%
USDA Colonias Grant	0.00	0.00	0.00	0.0%
Realized Gain	0.00	0.00	0.00	0.0%
Nonoperating Revenues - Other	0.00	0.00	0.00	0.0%
<b>Total Nonoperating Revenues</b>	<b>253,194.93</b>	<b>252,990.00</b>	<b>204.93</b>	<b>100.1%</b> ✓
<b>Total Other Income</b>	<b>253,194.93</b>	<b>252,990.00</b>	<b>204.93</b>	<b>100.1%</b>

EXHIBIT C  
**Picacho MDWCA**  
**Profit & Loss Budget vs. Actual**  
 January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
Other Expense				
Nonoperating Expenses				
Bond Premium	565.63	0.00	565.63	100.0%
Unrealzd Loss (Gain) on Invest.	1,671.76	0.00	1,671.76	100.0%
Total Nonoperating Expenses	2,237.39	0.00	2,237.39	100.0%
Total Other Expense	2,237.39	0.00	2,237.39	100.0%
Net Other Income	250,957.54	252,990.00	-2,032.46	99.2%
Net Income	<b>256,750.64</b>	<b>253,608.00</b>	<b>3,142.64</b>	<b>101.2%</b> ✓

Reviewed and Approved:

  
 \_\_\_\_\_  
 Signature

1/20/16  
 \_\_\_\_\_  
 Date

## EXHIBIT D

**Picacho MDWCA**  
**Statement of Assets, Liabilities, and Net Assets**  
**Modified Cash Basis**

	Dec 31, 15
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citizens Bank - Operating	19,492.12
Citizens Bank - Colonias	192.46
Citizens Bank - Construction	86.98
Edward Jones	
Current Principal Balance	416,416.12
Trading Allowance	21,919.45
Total Edward Jones	438,335.57
Total Checking/Savings	458,107.13
Accounts Receivable	
Water Customers	2,446.04
Allowance for Bad Debts	-250.00
NMFA 2999-CIF Receivable	105,494.28
NMFA 3172-CIF Receivable	259,433.00
Due From USDA - Colonias Grant	22,783.04
Total Accounts Receivable	389,906.34
Other Current Assets	
Current Work in Progress	
Water System 2014 System Imprvm	1,175.19
Total Current Work in Progress	1,175.19
Prepaid Expenses	9,430.92
Undeposited Funds	3,007.32
Total Other Current Assets	13,613.43
Total Current Assets	861,626.90
Fixed Assets	
Supplemental Well (Trucha)	444,433.15
2015 System Improvements	2,795,671.30
Buildings, Tanks, and Fencing	183,587.74
Land	3,932.37
Utility Lines, Meters	233,470.91
Well, Pumps	238,808.80
Accumulated Depreciation	-610,613.55
Total Fixed Assets	3,289,290.72
<b>TOTAL ASSETS</b>	<b>4,150,917.62</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	7,606.41
Property Taxes Payable	284.71
Total Accounts Payable	7,891.12
Other Current Liabilities	
Gross Receipts Tax Payable	451.58
Hydrant Meter Deposit	1,050.00
Total Other Current Liabilities	1,501.58
Total Current Liabilities	9,392.70
Long Term Liabilities	
NMFA Loan No. 2999-CIF	59,796.00
NMFA Loan No. 3172-CIF	25,943.00
USDA/RD Loan No. 91 / 06	901,466.24



## EXHIBIT D

**Picacho MDWCA**  
**Statement of Assets, Liabilities, and Net Assets**  
**Modified Cash Basis**

	<b>Dec 31, 15</b>
Total Long Term Liabilities	987,205.24
Total Liabilities	996,597.94
<b>Equity</b>	
Board Designated Reserves	
Emergency Reserve	6,505.00
Supplemental Well Reserve	250,000.00
Total Board Designated Reserves	256,505.00
USDA Designated Reserves	
Replacemnt Rsv-Sht Lived Assets	212,000.00
Debt Service Reserve	42,324.00
Operation and Maintenance	22,200.00
Total USDA Designated Reserves	276,524.00
Unrestricted Fund Balance	
Fixed Assets	143,808.43
Unrestricted Fund Balance - Other	8,160.83
Total Unrestricted Fund Balance	151,969.26
Parity Fees	450.00
Retained Earnings	2,287,423.26
Net Income	181,448.16
Total Equity	3,154,319.68
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,150,917.62</b>

**Picacho MDWCA**  
**Statement of Support, Revenues and Expenses**  
**Modified Cash Basis**

	<u>Jan - Dec 15</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Operating Revenues</b>	
Water Sales	142,451.33
Certified Letter Fees	2,263.13
Installation Fees	-200.00
Late Fees	4,188.49
Membership/Transfer Fees	300.00
Meter Tampering Fee	2,750.00
Parity Fees	450.00
Reconnection Fees	1,350.00
Repairs	54.72
Returned Check Fees	140.00
Service Call	1,235.59
Water Rights Acquisition Fee	6,000.00
<b>Total Operating Revenues</b>	<u>160,983.26</u>
<b>Total Income</b>	160,983.26
<b>Expense</b>	
<b>Operating Expenses</b>	
Bad Debt	139.34
Bank Service Charges	4.95
Chemicals	5,792.19
Conference/Training	225.00
Contract Labor	920.66
Depreciation Expense	62,245.20
Dues and Subscriptions	861.24
Equipment (Non Asset < \$500)	9,815.12
Equipment Rental	1,282.56
General Expenses	2,132.00
Insurance	5,400.00
Internet Service	2,847.49
Licenses and Permits	730.83
Meals and Entertainment-100%	473.23
Office Expenses	177.45
Other Taxes	574.48
<b>Professional Fees</b>	
Accounting	37,025.37
Legal Fees	1,130.50
Tier Reporting/Audit	5,957.19
<b>Total Professional Fees</b>	<u>44,113.06</u>
Rent	13.56
System Operator	44,842.79
System Repairs and Parts	3,763.38
Travel Reimbursement	417.49
Utilities	13,277.25
Water Conservation Fees	933.62
<b>Total Operating Expenses</b>	<u>200,982.89</u>
<b>Total Expense</b>	<u>200,982.89</u>
<b>Net Ordinary Income</b>	-39,999.63
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Nonoperating Revenues	
Interest Income	19,704.93
NMFA Grant	233,490.00
<b>Total Nonoperating Revenues</b>	<u>253,194.93</u>
<b>Total Other Income</b>	253,194.93

EXHIBIT D

**Picacho MDWCA**  
**Statement of Support, Revenues and Expenses**  
**Modified Cash Basis**

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	<u>Jan - Dec 15</u>
Other Expense	
Nonoperating Expenses	
Bond Premium	565.63
Loan Interest	29,509.75
Unrealzd Loss (Gain) on Invest.	1,671.76
Total Nonoperating Expenses	<u>31,747.14</u>
Total Other Expense	<u>31,747.14</u>
Net Other Income	<u>221,447.79</u>
Net Income	<u><u>181,448.16</u></u>

**PICACHO MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

**CURRENT YEAR FINDINGS:**

None

**PICACHO MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS  
DECEMBER 31, 2015**

**PRIOR-YEAR FINDINGS:**

None



**PICACHO MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
DECEMBER 31, 2015**

**Exit Conference:**

The exit conferences were held on May 11, 2016 with the following persons:

Larry Covington, President

Denise S. Cooper, Partner, Clifford, Ross & Cooper, LLC

These agreed-upon procedures were prepared by Clifford, Ross & Cooper, LLC from the books and records of Pichaco Mutual Domestic Water Consumers Association with the assistance of management.