

PICACHO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
AGREED-UPON PROCEDURES
DECEMBER 31, 2013

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
TABLE OF CONTENTS
DECEMBER 31, 2013**

Table of Contents.....	1
Official Roster.....	2
Agreed-Upon Procedures Report.....	3
Exhibit A-Scope of Work.....	4-7
Exhibit B-Schedule of Capital Outlay Projects.....	8
Exhibit C - Copy of Year-End Financial Report Submitted to Board.....	9-12
Exhibit D - Statement of Revenues and Expenditures - Budget and Actual- Modified Cash Basis.....	13
Exhibit E - Statement of Profit and Loss - Budget vs. Actual-Modified Cash Basis (generated internally).....	14-15
Exhibit F-1 - Statement of Revenues and Expenditures - Budget and Actual Capital Projects Fund - CIP #09-3118.....	16
Exhibit F-2 - Statement of Revenues and Expenditures - Budget and Actual Capital Projects Fund - CIP #09-3820.....	17
Exhibit F-3 - Statement of Revenue and Expenditures - Budget and Actual Capital Projects - RCAC #0746-PMDW-01.....	18
Schedule of Findings and Responses.....	19
Schedule Summary of Prior Year Findings.....	20
Exit Conference	21

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2013**

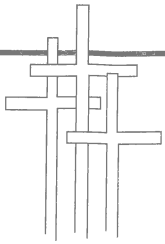
LARRY COVINGTON - PRESIDENT

FREDDIE COVINGTON - VICE-PRESIDENT

OPHELIA CHAVEZ - TREASURER/SECRETARY

ROSALEE CHAVEZ - MEMBER

LOUIS GRIJALVA - MEMBER



Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and State Auditor
Picacho Mutual Domestic Water Consumers Association
P.O. Box 1468
Las Cruces, NM 88004

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 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC of Picacho Mutual Domestic Water Consumers Association as of December 31, 2013. 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. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of 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

Clifford, Ross & Cooper, LLC

Las Cruces, New Mexico

May 28, 2014

PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 5 of the Audit Act - Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC

1)	CASH	
a)	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	
	Procedure:	
	Obtained copies of all bank reconciliations and bank statements for the year.	
	Verified that the banks were reconciled each month, reviewed the bank reconciliations.	
	Finding:	
	The banks were reconciled each month and were reviewed. The reconciliations are given to the Board each month for approval	
b)	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	
	Procedure:	
	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. Financial reports are provided to DFA upon their request. Noted year end financial report which was provided to DFA.	
	Finding:	
	No discrepancies noted.	
c)	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	
	Procedure:	
	The bank statements for the entire fiscal year ending December 31, 2013 were reviewed for balances.	
	Finding:	
	The bank balances never exceed the \$250,000 threshold for the FDIC limit; however, Citizens Bank has pledged collateral if the balance does go over.	
2)	CAPITAL ASSETS	
	The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978	
	Procedure:	
	Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting.	
	Noted additions to assets each year. Noted depreciation schedule is reviewed and compared by actual assets monthly and approved by the president.	
	Finding:	
	No discrepancies noted	
3)	REVENUE	
	The Contractor shall 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	
	Procedure:	
	System billings for 6 months were tested for accuracies and tied to the general ledger. Monthly receipts report for the 6 months were tied to the gross receipts tax reports and the general ledger and deposits made to the bank accounts.	
	Finding:	
	No discrepancies noted.	

PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 5 of the Audit Act - Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC

REVENUE (continued)

The Contractor shall test 50% of the total amount of revenues 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.

Procedure:

Deposit slips were obtained and traced to bank statement, general ledger and financial statements for 50% of all revenues, reviewed all supporting documentation for proper classification, amount and recording period.

Finding:

No discrepancies noted.

4) EXPENDITURES

The Contractor shall select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for 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.
- 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.

Procedure:

Tested 60 out of 150 cash disbursements from the operating account and 15 out of 15 from construction account. Each cash disbursement was tested for adequate supporting documentation, verified amount, payee, date, and description agreed to vendor's invoice and cancelled check. Traced authorization to established policies and procedures and was approved and authorized by the Board of Directors and management. Reviewed the bids for the current project and determined that the various contracts were in compliance with the New Mexico Procurement Code. Trace all disbursements to the requests for reimbursement sent to the State of New Mexico Department of Finance and Administration and reviewed for proper approval.

Finding:

No discrepancies 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
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed

Procedure:

Six months were tested for journal entries prepared by Mesilla Valley Accounting. The journal entries are presented to the Board each month for their review along with the financial statements.

Finding:

The journal entries are presented to the Board each month; they were reviewed, initialed and dated. No discrepancies noted.

PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 5 of the Audit Act - Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC

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.
- Procedure:**
 Obtain copy of overall budget for the local public body.
 Obtain Minutes of the Board and review for approval of budget.
 Noted the overall budget was approved by the Board.
 Noted approval letter sent by DFA
- Finding:**
 No discrepancies noted

7) CAPITAL OUTLAY APPROPRIATIONS

The Contractor shall 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.

The Contractor shall 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 the costs were paid by the local public body prior to the request for reimbursement.
- Procedures:**
- 1) Obtained documentation and bid (if applicable) for each capital project. Obtained all disbursements for each project and reconciled each disbursement to the request for reimbursement, verified the above attributes.
 - 2) Obtained copy of status reports and reviewed submission to the state agencies and timeliness of submissions.
 - 3) Observed the existence of the Water System and Well by driving to its location and noting it does exist.
 - 4) Determined the cash received for construction projects is deposited into a separate bank account.
 - 5) Obtained copies of all reimbursement requests, reviewed all backup documentation, reconciled each capital project to the general ledger. Traced all revenues received from grants to bank deposits and the general ledger and reviewed for proper approval from the board, management and DFA.

PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 5 of the Audit Act - Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC

CAPITAL OUTLAY APPROPRIATIONS (continued)

Findings:

100% of all reimbursements were reviewed.

All were deposited into a separate bank account just for construction.

Reviewed bid procedures, bids for current projects were done in 2012.

Reviewed final reports on projects completed.

No discrepancies were noted.

OTHER

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.

Finding:

No discrepancies noted.

**PICACHO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION
EXHIBIT B - SCHEDULE OF CAPITAL OUTLAY PROJECTS
DECEMBER 31, 2013**

	Award Amount	Prior Years Expenditures	Current Year Expenditures	Total Received	Remaining Balance
For the Year ended 2013					
2012 Colonias Surplus Funding Agreement Laws of 2009, Chapter 125, Section 22 Subsection 4 Project expiration date 6/30/2013 Colonias Initiative Project 09-3118 (#15)	\$ 3,082.21	\$ -	\$ 3,082.21	\$ 3,082.21	\$ -
2012 Colonias Surplus Funding Agreement Laws of 2009, 1st Special Session, Chapter 7, Section 3, Subsection 82 Project expiration date 6/30/2013 Colonias Initiative Project 09-3820 (#13)	\$ 72,792.79	\$ -	\$ 72,792.79	\$ 72,792.79	\$ -
2012 Rural Community Assistance Corporation Loan Settlement date 01/19/2012 Expiration date: until all funds are used	399,345.00	304,737.47	41,188.85	\$ 345,926.32	\$ 53,418.68

EXHIBIT C

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

	<u>Dec 31, 13</u>
ASSETS	
Current Assets	
Checking/Savings	
Citizens Bank - Operating	48,724.63
Edward Jones	
Current Principal Balance	362,347.37
Trading Allowance	21,573.29
Total Edward Jones	<u>383,920.66</u>
Total Checking/Savings	432,645.29
Accounts Receivable	
Accounts Receivable	1,584.47
Due From State Engineers Office	25.00
Allowance for Bad Debts	-250.00
Total Accounts Receivable	<u>1,359.47</u>
Other Current Assets	
Current Work in Progress	
PER	55,116.10
Water System Imprvmt Pre Const	306,581.32
Supplemental Well	
Trucha Well - Pre-Construction	56,489.19
Trucha Well - Utilities	11,983.00
Trucha Well - Drilling	251,145.24
Trucha Well - Additional Design	3,835.25
Trucha Well - Phase I	16,661.64
Trucha Well - Phase II	18,762.64
Trucha Well - Phase III	23,928.03
Trucha Well - Phase IV	12,500.00
Trucha Well - Phase V	5,148.60
Total Supplemental Well	<u>400,453.59</u>
Tank	3,435.76
Total Current Work in Progress	765,586.77
Prepaid Expenses	5,261.68
Undeposited Funds	2,074.00
Total Other Current Assets	<u>772,922.45</u>
Total Current Assets	1,206,927.21
Fixed Assets	
Buildings, Tanks, and Fencing	183,587.74
Land	3,932.37
Utility Lines, Meters	233,470.91
Well, Pumps	238,808.80
Accumulated Depreciation	-532,179.87
Total Fixed Assets	<u>127,619.95</u>
TOTAL ASSETS	<u><u>1,334,547.16</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	5,226.75
Property Taxes Payable	272.35
Total Accounts Payable	<u>5,499.10</u>
Total Current Liabilities	5,499.10
Long Term Liabilities	
RCAC Loan No. 0746-PMDW-01	345,926.32
Total Long Term Liabilities	<u>345,926.32</u>

EXHIBIT C

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

	<u>Dec 31, 13</u>
Total Liabilities	351,425.42
Equity	
Board Designated Reserves	
Emergency Reserve	6,505.00
Supplemental Well Reserve	250,000.00
Total Board Designated Reserves	<u>256,505.00</u>
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	<u>276,524.00</u>
Unrestricted Fund Balance	
Fixed Assets	143,808.43
Unrestricted Fund Balance - Other	8,160.83
Total Unrestricted Fund Balance	<u>151,969.26</u>
Parity Fees	450.00
Retained Earnings	183,275.10
Net Income	114,398.38
Total Equity	<u>983,121.74</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,334,547.16</u></u>

EXHIBIT C

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

	Jan - Dec 13
Ordinary Income/Expense	
Income	
Operating Revenues	
Water Sales	138,166.85
Certified Letter Fees	1,320.00
Installation Fees	2,250.00
Late Fees	2,630.35
Membership/Transfer Fees	225.00
Parity Fees	1,350.00
Reconnection Fees	950.00
Repairs	186.52
Returned Check Fees	35.00
Service Call	448.15
Water Rights Acquisition Fee	1,500.00
Total Operating Revenues	149,061.87
Total Income	149,061.87
Expense	
Operating Expenses	
Annual Meeting	45.00
Bank Service Charges	24.75
Chemicals	5,128.21
Conference/Training	230.00
Contract Labor	1,314.17
Depreciation Expense	16,188.48
Dues and Subscriptions	537.32
Equipment Rental	699.15
Insurance	4,153.00
Licenses and Permits	10.00
Meals and Entertainment-100%	457.75
Office Expenses	169.09
Other Taxes	544.74
Professional Fees	
Accounting	29,493.90
Tier Reporting/Audit	2,420.16
Total Professional Fees	31,914.06
Rent	13.56
System Operator	29,443.38
System Repairs and Parts	5,443.95
Telephone	138.48
Travel Reimbursement	369.33
Unknown	0.00
Utilities	14,205.14
Water Conservation Fees	994.26
Water Testing	48.15
Total Operating Expenses	112,071.97
Total Expense	112,071.97
Net Ordinary Income	36,989.90
Other Income/Expense	
Other Income	
Nonoperating Revenues	
Interest Income	19,199.61
Recovery of Bad Debt	103.54
Colonia's Grants	75,874.60
Realized Gain	890.00
Nonoperating Revenues - Other	18.82
Total Nonoperating Revenues	96,086.57
Total Other Income	96,086.57

EXHIBIT C

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

	<u>Jan - Dec 13</u>
Other Expense	
Nonoperating Expenses	
Bond Premium	17,733.75
Unrealzd Loss (Gain) on Invest.	944.34
Total Nonoperating Expenses	<u>18,678.09</u>
Total Other Expense	<u>18,678.09</u>
Net Other Income	<u>77,408.48</u>
Net Income	<u><u>114,398.38</u></u>

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

Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
REVENUES				
Water Service	\$ 110,000	\$ 110,000	\$ 138,167	\$ 28,167
Administration Fees/Penalties	1,500	1,500	1,320	(180)
Membership/Install	-	-	2,475	2,475
Miscellaneous	2,000	2,122	6,273	4,151
Reconnection Fees	350	350	950	600
Interest/Rebates	-	15,000	19,200	4,200
Realized Gain on investments	-	-	18,624	18,624
Unrealized loss (gain) on investment	-	-	944	944
Total revenues	113,850	128,972	187,953	58,981
EXPENDITURES				
Salaries/Contractors	32,000	32,000	30,757	1,243
Accounting/Legal	35,400	34,520	29,396	5,124
Taxes/Insurance	6,000	5,000	4,425	575
Utilities	15,000	15,000	14,205	795
System Supplies/Maintenance	11,600	13,600	11,542	2,058
Office/Miscellaneous	5,000	3,950	2,697	1,253
Water Conservation Fees	1,500	1,500	994	506
Capital Improvements/Non operating	-	-	-	-
Depreciation	-	16,189	16,188	1
Total expenditures	106,500	121,759	110,204	11,555
Excess (deficiency) of revenues over expenditures	7,350	7,213	77,749	70,536
OTHER FINANCING SOURCES (USES)				
Grants	-	75,875	75,875	-
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	75,875	75,875	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	7,350	83,088	\$ 153,624	\$ 70,536
Budgeted cash carryover	-	-	-	-
	\$ 7,350	\$ 83,088		

EXHIBIT E
Picacho MDWCA
Profit & Loss Budget vs. Actual
January through December 2013

	Jan - Dec 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Operating Revenues				
Water Sales	138,166.85	110,000.00	28,166.85	125.6%
Certified Letter Fees	1,320.00	1,500.00	-180.00	88.0%
Installation Fees	2,250.00	0.00	2,250.00	100.0%
Late Fees	2,630.35	2,000.00	630.35	131.5%
Membership/Transfer Fees	225.00	0.00	225.00	100.0%
Parity Fees	1,350.00	0.00	1,350.00	100.0%
Reconnection Fees	950.00	350.00	600.00	271.4%
Repairs	186.52	0.00	186.52	100.0%
Returned Check Fees	35.00	0.00	35.00	100.0%
Service Call	448.15	0.00	448.15	100.0%
Water Rights Acquisition Fee	1,500.00	0.00	1,500.00	100.0%
Water Tests	0.00	0.00	0.00	0.0%
Total Operating Revenues	149,061.87	113,850.00	35,211.87	130.9%
Total Income	149,061.87	113,850.00	35,211.87	130.9%
Expense				
Operating Expenses				
Annual Meeting	45.00	45.00	0.00	100.0%
Bad Debt	0.00	0.00	0.00	0.0%
Bank Service Charges	24.75	25.00	-0.25	99.0%
Chemicals	5,128.21	8,500.00	-3,371.79	60.3%
Conference/Training	230.00	515.00	-285.00	44.7%
Contract Labor	1,314.17	2,000.00	-685.83	65.7%
Depreciation Expense	16,188.48	16,189.00	-0.52	100.0%
Dues and Subscriptions	537.32	650.00	-112.68	82.7%
Equipment Rental	699.15	500.00	199.15	139.8%
General Expenses	0.00	500.00	-500.00	0.0%
Insurance	4,153.00	5,000.00	-847.00	83.1%
Interest Expense	0.00	0.00	0.00	0.0%
Licenses and Permits	10.00	0.00	10.00	100.0%
Meals and Entertainment-100%	457.75	500.00	-42.25	91.6%
Office Expenses	169.09	500.00	-330.91	33.8%
Other Taxes	272.39	0.00	272.39	100.0%
Professional Fees				
Accounting	26,976.21	30,000.00	-3,023.79	89.9%
Engineering	0.00	0.00	0.00	0.0%
Legal Fees	0.00	2,100.00	-2,100.00	0.0%
Tier Reporting/Audit	2,420.16	2,420.00	0.16	100.0%
Total Professional Fees	29,396.37	34,520.00	-5,123.63	85.2%
Rent	13.56	15.00	-1.44	90.4%
System Operator	29,443.38	30,000.00	-556.62	98.1%
System Repairs and Parts	6,366.26	5,000.00	1,366.26	127.3%
Telephone	138.48	200.00	-61.52	69.2%
Travel Reimbursement	369.33	500.00	-130.67	73.9%
Unknown	0.00			
Utilities	14,205.14	15,000.00	-794.86	94.7%
Vehicle Expense				
Repairs and Maintenance	0.00	0.00	0.00	0.0%
Total Vehicle Expense	0.00	0.00	0.00	0.0%
Water Conservation Fees	994.26	1,500.00	-505.74	66.3%
Water Testing	48.15	100.00	-51.85	48.2%
Total Operating Expenses	110,204.24	121,759.00	-11,554.76	90.5%
Total Expense	110,204.24	121,759.00	-11,554.76	90.5%
Net Ordinary Income	38,857.63	-7,909.00	46,766.63	-491.3%
Other Income/Expense				
Other Income				
Nonoperating Revenues				
Interest Income	19,199.61	15,000.00	4,199.61	128.0%
Recovery of Bad Debt	103.54	103.54	0.00	100.0%
Colonia's Grants	75,874.60	75,874.60	0.00	100.0%
Realized Gain	890.00			
Nonoperating Revenues - Other	18.82	18.82	0.00	100.0%
Total Nonoperating Revenues	96,086.57	90,996.96	5,089.61	105.6%
Total Other Income	96,086.57	90,996.96	5,089.61	105.6%

EXHIBIT E
Picacho MDWCA
Profit & Loss Budget vs. Actual
 January through December 2013

	Jan - Dec 13	Budget	\$ Over Budget	% of Budget
Other Expense				
Nonoperating Expenses				
Bond Premium	17,733.75			
Unrealzd Loss (Gain) on Invest.	944.34			
Total Nonoperating Expenses	18,678.09			
Total Other Expense	18,678.09			
Net Other Income	77,408.48	90,996.96	-13,588.48	85.1%
Net Income	116,266.11	83,087.96	33,178.15	139.9%

Reviewed and Approved:


1-15-14

 Signature Date

STATE OF NEW MEXICO
LA UNION MUTUAL DOMESTIC WATER & SEWER ASSOCIATION
EXHIBIT F-1
CAPITAL PROJECTS FUND - COLONIAS SURPLUS PROJECT 09-3118

Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Grants	\$ 3,082	\$ 3,082	\$ 3,082	\$ -
Total revenues	<u>3,082</u>	<u>3,082</u>	<u>3,082</u>	<u>-</u>
EXPENDITURES				
Capital outlay	<u>3,082</u>	<u>3,082</u>	<u>3,082</u>	<u>-</u>
Total expenditures	<u>3,082</u>	<u>3,082</u>	<u>3,082</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		

STATE OF NEW MEXICO
 LA UNION MUTUAL DOMESTIC WATER & SEWER ASSOCIATION
 EXHIBIT F-2
 CAPITAL PROJECTS FUND - COLONIAS PROJECT 09-3820

Statement of Revenues and Expenditures
Budget and Actual
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Grants	\$ 72,793	\$ 72,793	\$ 72,793	\$ -
Total revenues	<u>72,793</u>	<u>72,793</u>	<u>72,793</u>	<u>-</u>
EXPENDITURES				
Capital outlay	<u>72,793</u>	<u>72,793</u>	<u>72,793</u>	<u>-</u>
Total expenditures	<u>72,793</u>	<u>72,793</u>	<u>72,793</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		

**STATE OF NEW MEXICO
LA UNION MUTUAL DOMESTIC WATER & SEWER ASSOCIATION
EXHIBIT F-3
CAPITAL PROJECTS FUND - RCAC LOAN NO 0746-PMDW-01**

**Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Grants	\$ 41,189	\$ 41,189	\$ 41,189	\$ -
Total revenues	41,189	41,189	41,189	-
EXPENDITURES				
Capital outlay	41,189	41,189	41,189	-
Total expenditures	41,189	41,189	41,189	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	-	-	<u>\$ -</u>	<u>\$ -</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>\$ -</u>		

**PICACHO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013**

NONE

**PICACHO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION
SCHEDULE OF SUMMARY OF PRIOR YEAR FINDINGS
DECEMBER 31, 2013**

NONE

**PICACHO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
DECEMBER 31, 2013**

Exit Conference:

The exit conference was held on May 28, 2014 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 Picacho Mutual Domestic Water Consumers Association with the assistance of management.