



**STATE OF NEW MEXICO**

**Polvadera Mutual Domestic Water Consumers  
Association**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures-Tier 4

Year Ended December 31, 2013

**STATE OF NEW MEXICO**

**Polvadera Mutual Domestic Water Consumers Association**

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Agreed-Upon Procedures-Tier 4**

**Year Ended December 31, 2013**

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**STATE OF NEW MEXICO**  
**Polvadera Mutual Domestic Water Consumers Association**

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**December 31, 2013**

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**STATE OF NEW MEXICO  
POLVADERA MUTUAL DOMESTIC CONSUMERS ASSOCIATION**

**Official Roster  
at December 31, 2013**

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<u>Name</u>	<u>Title</u>
<b><u>Board Members</u></b>	
Robert Jaramillo	President
Ernest Gonzalez	Vice President
Jose Vega	Treasurer
Robert Vega	Secretary
William Chavez	Member



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

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To: Robert Jaramillo  
Polvadera Mutual Domestic Water Consumers Association  
Board of Directors  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below for the Polvadera Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2013, solely to assist the Association in demonstrating compliance with the provisions of Laws of 2008, Chapter 83, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the organization'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 follow.

1. 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.

Precision Accounting, LLC determined that bank reconciliations were complete and on-hand and appears to have been performed timely.

- 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.

Precision Accounting, LLC selected three months of bank reconciliations and tested them for accuracy and traced ending balances to the general ledger and other supporting documentation and financial reports.

- c) 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.

Precision Accounting, LLC noted that the Association did not exceed the \$250,000 FDIC insurance.

## 2. Capital Assets

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

Precision Accounting, LLC verified that the Association has an inventory listing that is updated annually and that depreciation is being determined and recorded.

## 3. 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.

Precision Accounting, LLC performed the analytical review of budget to actual, noting explanations for the differences.

Test a sample 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.

Precision Accounting, LLC reviewed revenues and agreed them to supporting documentation, the general ledger and the bank statements.

- 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.

Precision Accounting, LLC reviewed the revenues, noting agreement with supporting documentation, proper classification and recording in the general ledger.

## 4. Expenditures

Select a sample of cash disbursements and test 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 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.
- 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).

Precision Accounting, LLC reviewed expenditures, and verified the disbursement agrees to the supporting documentation and that the transactions were properly authorized and approved. Precision Accounting, LLC also verified that the transactions were in compliance with the New Mexico Procurement Code and the State Purchasing Act and Regulations Governing the Per Diem and Mileage Act.

## 5. Journal Entries

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

- a) Journal entries appear reasonable and have supporting documentation.

Precision Accounting, LLC reviewed all Journal Entries made during the year and determined that they were reasonable and had 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.

Precision Accounting, LLC reviewed all Journal Entries made during the year, noting evidence of board review.

## 6. 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 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.

Precision Accounting, LLC reviewed the budget submitted to DFA for approval and noted DFA approval was provided in correspondence to the Association.

\* \* \* \*

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. 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 the Polvadera Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

*Precision Accounting, LLC*

Precision Accounting, LLC  
Albuquerque, New Mexico  
April 12, 2014

**STATE OF NEW MEXICO**  
 Polvadera Mutual Domestic Water Consumers Association  
 Enterprise Fund  
 Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Basis)  
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Favorable Final to Actual
<i>Revenues:</i>				
Fees and charges	\$ 156,000	\$ 156,000	\$ 206,973	\$ 50,973
Miscellaneous	24,000	24,000	8,112	(15,888)
<i>Total revenues</i>	<u>180,000</u>	<u>180,000</u>	<u>215,085</u>	<u>35,085</u>
<i>Expenditures:</i>				
Current:				
Legal and Professional	3,600	3,600	9,440	(5,840)
Licenses and Permits	100	100	83	17
Books, dues & registration	1,980	1,980	3,806	(1,826)
Depreciation	49,997	49,997	49,997	-
Employee salaries	70,020	70,020	71,653	(1,633)
Field supplies	6,000	6,000	13,160	(7,160)
Insurance	3,600	3,600	8,148	(4,548)
Interest	28,808	28,808	4,247	24,561
Miscellaneous expense	2,100	2,100	1,592	508
Directors Fees	6,000	6,000	6,285	(285)
Office expenses	4,080	4,080	3,617	463
Other contractual services	7,880	7,880	8,549	(669)
Taxes	11,520	11,520	11,164	356
Postage and freight	3,000	3,000	3,204	(204)
Bank Fees	1,620	1,620	2,134	(514)
Repairs & maintenance	600	600	27	573
Travel	480	480	449	31
Utilities	24,350	24,350	25,353	(1,003)
<i>Total expenditures</i>	<u>225,735</u>	<u>225,735</u>	<u>222,908</u>	<u>2,827</u>
Operating income	<u>(45,735)</u>	<u>(45,735)</u>	<u>(7,823)</u>	<u>37,912</u>
Non-operating revenues:				
Beginning cash balance	(193,155)	(193,155)	-	193,155
Interest income	-	-	(11)	(11)
Non-operating income	<u>(193,155)</u>	<u>(193,155)</u>	<u>(11)</u>	<u>193,144</u>
Change in Net assets (Non-GAAP basis)	<u>\$ (238,890)</u>	<u>\$ (238,890)</u>	<u>\$ (7,834)</u>	<u>\$ 231,056</u>



DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU  
**SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM**

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER  
 THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER.  
 I HEREBY CERTIFY THAT THE CONTENTS IN THIS  
 REPORT ARE TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE.

Anita Montoya

Special District: Polvadera Mutual Domestic Consumers Association  
 Quarter Ending: 31-Dec-13  
 Prepared by: Anita C Montoya, Office Manager

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

Fund #	FUND	CASH BALANCE PER BOOKS December 31, 2013	INVESTMENTS YEAR TO DATE	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
	CHECKING/SAVINGS	14,729.27		215,085.02	-	222,907.64	6,906.65	838.00	200.00	-	7,544.65	15,367.27	(7,822.62)
	MAINSTAY FUNDS	-	195,156.80	-	-	-	195,156.80				195,156.80		195,156.80
	OTHER (Petty Cash)	250.00	-	-	-	-	250.00				250.00		250.00
	DEBT SERVICE	-	-	-	-	-	-				-		-
	<b>GRAND TOTAL</b>	<b>\$ 14,979.27</b>	<b>\$ 195,156.80</b>	<b>\$ 215,085.02</b>	<b>\$ -</b>	<b>\$ 222,907.64</b>	<b>\$ 202,313.45</b>	<b>\$ 838.00</b>	<b>\$ 200.00</b>	<b>\$ -</b>	<b>\$ 202,951.45</b>	<b>\$ 15,367.27</b>	<b>\$ 187,584.18</b>

**STATE OF NEW MEXICO**  
**Polvadera Mutual Domestic Water Consumers Association**  
**Schedule of Findings and Responses**  
**December 31, 2013**

<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
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**Current Year Findings:**

None

**Prior Year Findings:**

Buget Reporting- <b>Cleared</b>	C/D	N/A	AP-2012-01
Late Report- <b>Cleared</b>	D		AP-2012-02
Journal entry review- <b>Cleared</b>	C		AP-2012-03

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO**  
**Polvadera Mutual Domestic Water Consumers Association**

**Exit Conference**  
**Year Ended December 31, 2013**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on April 12, 2014 with the following in attendance:

Polvadera Mutual Domestic Water Consumers Association

Anita Montoya, Office Manager

Accounting Firm

Melissa R. Santistevan, CPA, CFE, CICA, CGMA  
Michele Jaramillo, Staff Accountant