



MACIAS, GUTIERREZ & CO., P.C.  
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**STATE OF NEW MEXICO**

**REGINA MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended June 30, 2014

**STATE OF NEW MEXICO**

**REGINA MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

**Year Ended June 30, 2014**

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**STATE OF NEW MEXICO  
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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June 30, 2014**

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**STATE OF NEW MEXICO  
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster  
at June 30, 2014**

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| <u>Name</u>                      | <u>Title</u>      |
|----------------------------------|-------------------|
| <b><u>Board of Directors</u></b> |                   |
| George Latham                    | President         |
| Manuel Medrano                   | Vice-President    |
| Clay Chase                       | Secretary         |
| Pat Givens                       | Director          |
| Jared Taylor                     | Director          |
| <b><u>Staff</u></b>              |                   |
| Rory Rieck                       | Manager/Operator  |
| Donald Buttry                    | Assistant Manager |
| Troy C. Green                    | Operator          |



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants*  
*Member AICPA, NMSCPA*

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

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To: Manuel Medrano, President  
Regina Mutual Domestic Water Consumers Association  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below for Regina Mutual Domestic Water Consumers Association (RMDWCA), for the year ended June 30, 2014, solely to assist RMDWCA in demonstrating compliance with a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978, as set forth in the accompanying Exhibits A and B. The procedures were agreed to by RMDWCA through the Office of the New Mexico State Auditor. Regina Mutual Domestic Water Consumers 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 are as follows:

### **1. Cash**

#### **Procedures**

- 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.
- 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).
- 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.

## **Findings**

- a) RMDWCA has one checking and one savings account and two certificates of deposit (CDs), all in one financial institution, and utilizes Quickbooks to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements for the year were complete and on-hand.
- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We did not trace the June 30, 2014 cash balances to the year-end quarterly financial report submitted to DFA-LGD since year-end cash balances were not included with their report and, currently, there is no DFA-LGD required cash reporting format.
- c) Cumulative single-institution bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any uninsured deposits.

## **2. Capital Assets**

### **Procedures**

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

### **Findings**

The RMDWCA performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

## **3. Revenue**

### **Procedures**

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.

Select a sample of revenues based on auditor judgment 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.

### **Findings**

- a) An analytical review of prior-year to current-year revenue revealed no unusual or unexplained variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) We requested supporting documentation for twenty-five (25) deposits (34% of total revenue) from a total of 52 deposits for the year. For the sample selected, amounts recorded on Quickbooks agreed with supporting documentation and the bank statements without exception.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

#### **4. Expenditures**

##### **Procedures**

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.
- 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

##### **Findings**

- a) We requested supporting documentation for thirty (30) disbursements (30% of total expenses) out of a total of 195 disbursements for the year. For the sample selected, amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

#### **5. Journal Entries**

##### **Procedures**

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.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

##### **Findings**

The RMDWCA utilizes Quickbooks to record cash transactions only and does not prepare journal entries.

#### **6. Budget**

##### **Procedures**

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.

**Findings**

- a) A review of minutes and correspondence revealed that the FY 2014 original proposed and final budget was approved by the RMDWCA governing body through resolution. The DFA-LGD approval was granted on August 31, 2013. The RMDWCA did not make any subsequent budget adjustments during the year.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual (Exhibit A) was prepared from RMDWCA records on the cash budgetary basis, the basis used by RMDWCA. RMDWCA submitted a Profit and Loss budget vs. actual report for the year ended June 30, 2014 to DFA-LGD which is included herein (Exhibit B).

**Other**

**Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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.

**Findings**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

\* \* \* \* \*

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 any part thereof, including the accompanying 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 Regina Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division, the NM legislature and is not intended to be and should not be used by anyone other than those specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Espanola, New Mexico  
September 12, 2014



**STATE OF NEW MEXICO**  
**REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)**  
**Year Ended June 30, 2014**

|   | Budgeted Amounts |                | Actuals        | Variance                   |
|---|------------------|----------------|----------------|----------------------------|
|   | Original         | Final          |                | Favorable<br>(Unfavorable) |
| <b>Revenues:</b>                            |                  |                |                |                            |
| Water Service Fees                          | \$ 105,600       | \$ 105,600     | \$ 100,030     | \$ (5,570)                 |
| Interest                                    | 1,089            | 1,089          | 875            | (214)                      |
| New Meter Installs                          | 5,000            | 5,000          | 7,875          | 2,875                      |
| Water Rights Fees                           | 6,400            | 6,400          | 10,080         | 3,680                      |
| Meter Deposit                               | 600              | 600            | 1,050          | 450                        |
| Late Fees, Penalties, Etc.                  | 900              | 900            | 769            | (131)                      |
| Meter X-fer , Line Fee, Etc.                | 300              | 300            | 4,818          | 4,518                      |
| Total revenues                              | <u>119,889</u>   | <u>119,889</u> | <u>125,497</u> | <u>5,608</u>               |
| Cash balance budgeted                       | <u>20,000</u>    | <u>20,000</u>  | <u>-</u>       | <u>(20,000)</u>            |
| Total revenues and cash<br>balance budgeted | <u>139,889</u>   | <u>139,889</u> | <u>125,497</u> | <u>(14,392)</u>            |
| <br>  |                  |                |                |                            |
| <b>Expenditures:</b>                        |                  |                |                |                            |
| <br>  |                  |                |                |                            |
| <b>OPERATIONS &amp; MAINTENANCE</b>         |                  |                |                |                            |
| Audit                                       | 3,787            | 3,787          | 3,787          | -                          |
| Backhoe O & M                               | 840              | 840            | 1,157          | (317)                      |
| Internet Charges                            | 240              | 240            | 240            | -                          |
| Mileage                                     | 1,320            | 1,320          | 1,221          | 99                         |
| Office & Computer Supplies                  | 3,000            | 3,000          | 603            | 2,397                      |
| Postage, Freight                            | 1,200            | 1,200          | 1,483          | (283)                      |
| Printing and Copying                        | 300              | 300            | 164            | 136                        |
| Repair Parts                                | 10,800           | 10,800         | 11,960         | (1,160)                    |
| Telephone Charges                           | 167              | 167            | 167            | -                          |
| Training, Motels, Meals, Etc.               | 1,620            | 1,620          | 880            | 740                        |
| Treating                                    | 1,200            | 1,200          | 215            | 985                        |
| Truck Expense                               | 5,400            | 5,400          | 3,992          | 1,408                      |
| Utilities                                   | 12,000           | 12,000         | 8,622          | 3,378                      |
| <b>Total operation and maintenance</b>      | <u>41,874</u>    | <u>41,874</u>  | <u>34,491</u>  | <u>7,383</u>               |
| <br>  |                  |                |                |                            |
| <b>PAYROLL EXPENSES</b>                     |                  |                |                |                            |
| Federal Payroll Withholding                 | 3,300            | 3,300          | 2,637          | 663                        |
| Medicare                                    | 1,260            | 1,260          | 1,149          | 111                        |
| Monthly Payroll                             | 42,000           | 42,000         | 33,478         | 8,522                      |
| NM Payroll Withholding                      | 600              | 600            | 416            | 184                        |
| Social Security                             | 5,400            | 5,400          | 4,911          | 489                        |
| Unemployment Tax to NM                      | 360              | 360            | 267            | 93                         |
| Workers Com. Tax Fee to NM                  | 86               | 86             | 86             | -                          |
| <b>Total payroll expenses</b>               | <u>53,006</u>    | <u>53,006</u>  | <u>42,944</u>  | <u>10,062</u>              |

**STATE OF NEW MEXICO**  
**REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)**  
**Year Ended June 30, 2014**

|   | Budgeted Amounts |               | Actuals      | Variance                   |
|---|------------------|---------------|--------------|----------------------------|
|   | Original         | Final         |              | Favorable<br>(Unfavorable) |
| <b>OUTSIDE SERVICES</b>                   |                  |               |              |                            |
| Catering                                  | \$ 600           | \$ 600        | \$ 540       | \$ 60                      |
| Legal Fees                                | 500              | 500           | -            | 500                        |
| One-Call Service                          | 240              | 240           | 119          | 121                        |
| Other Outside Services                    | 12,000           | 12,000        | 2,897        | 9,103                      |
| <b>Total outside services</b>             | <b>13,340</b>    | <b>13,340</b> | <b>3,556</b> | <b>9,784</b>               |
| <b>NON-SUFFICIENT FUNDS</b>               |                  |               |              |                            |
| Non Sufficient Fund Fee                   | 50               | 50            | 50           | -                          |
| Non Sufficient Funds                      | 252              | 252           | 337          | (85)                       |
| <b>Total non sufficient funds</b>         | <b>302</b>       | <b>302</b>    | <b>387</b>   | <b>(85)</b>                |
| <b>TAXES</b>                              |                  |               |              |                            |
| CRS Tax to NM                             | 5,820            | 5,820         | 5,768        | 52                         |
| Water Use Tax                             | 312              | 312           | 240          | 72                         |
| <b>Total taxes</b>                        | <b>6,132</b>     | <b>6,132</b>  | <b>6,008</b> | <b>124</b>                 |
| <b>LICENSES, PERMITS &amp; DUES</b>       |                  |               |              |                            |
| US Forest Service (Use Permit)            | 700              | 700           | -            | 700                        |
| NM Rural Water Association                | 264              | 264           | 264          | -                          |
| PRC Corporation Bureau Fee                | 10               | 10            | 10           | -                          |
| Licenses, Permits, Dues - Other           | 25               | 25            | 25           | -                          |
| <b>Total licenses, permits &amp; dues</b> | <b>999</b>       | <b>999</b>    | <b>299</b>   | <b>700</b>                 |
| <b>INSURANCE</b>                          |                  |               |              |                            |
| Insurance (Workmans Comp.)                | 1,242            | 1,242         | 2,211        | (969)                      |
| Insurance (PL &PD Pkg.)                   | 7,000            | 7,000         | 6,270        | 730                        |
| W/C Audit                                 | 180              | 180           | -            | 180                        |
| <b>Total insurance</b>                    | <b>8,422</b>     | <b>8,422</b>  | <b>8,481</b> | <b>(59)</b>                |
| <b>DEBT SERVICE</b>                       |                  |               |              |                            |
| Water Well Payment                        | 2,500            | 2,500         | 2,500        | -                          |
| Loan Payment--RIP 97-02                   | 2,108            | 2,108         | 2,108        | -                          |
| <b>Total debt service</b>                 | <b>4,608</b>     | <b>4,608</b>  | <b>4,608</b> | <b>-</b>                   |

**STATE OF NEW MEXICO  
 REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)  
 Year Ended June 30, 2014**

|                                   | Budgeted Amounts |                  | Actuals          | Variance                   |
|-----------------------------------|------------------|------------------|------------------|----------------------------|
|                                   | Original         | Final            |                  | Favorable<br>(Unfavorable) |
| <b>OTHER TYPES OF EXPENSES</b>    | \$ -             | \$ -             | \$ 25            | \$ (25)                    |
| <b>TOOLS</b>                      | 480              | 480              | 75               | 405                        |
| Total expenditures                | 129,163          | 129,163          | 100,874          | 28,289                     |
| Excess revenues over expenditures | <u>\$ 10,726</u> | <u>\$ 10,726</u> | <u>\$ 24,623</u> | <u>\$ (42,681)</u>         |

**Regina Mutual Domestic Water Consumers Association, Inc.**  
**Profit & Loss Budget vs. Actual**  
 July 2013 through June 2014

1:09 PM  
 07/01/14  
 Cash Basis

|                                 | Jul '13 - Jun 14 | Budget     | \$ Over Budget | % of Budget |
|---------------------------------|------------------|------------|----------------|-------------|
| <b>Ordinary Income/Expense</b>  |                  |            |                |             |
| Income                          |                  |            |                |             |
| Cash Reserve                    | 0.00             | 20,000.00  | -20,000.00     | 0.0%        |
| Interest                        |                  |            |                |             |
| Interest on CD                  | 819.88           | 1,060.00   | -240.12        | 77.3%       |
| Interest on Checking Account    | 52.63            | 24.00      | 28.63          | 219.3%      |
| Interest on Savings Account     | 2.30             | 4.56       | -2.26          | 50.4%       |
| Total Interest                  | 874.81           | 1,088.56   | -213.75        | 80.4%       |
| Late Fee, Penalties, Etc.       | 769.28           | 900.00     | -130.72        | 85.5%       |
| Meter Deposit                   | 1,050.00         | 600.00     | 450.00         | 175.0%      |
| Meter X-fer, Line Fee, Etc.     | 4,817.50         | 300.00     | 4,517.50       | 1,505.8%    |
| New Meter Instalals             | 7,875.00         | 5,000.00   | 2,875.00       | 157.5%      |
| Water Right Fees                | 10,080.00        | 6,400.00   | 3,680.00       | 157.5%      |
| Water Sales & Service           | 100,030.21       | 105,600.00 | -5,569.79      | 94.7%       |
| Total Income                    | 125,496.80       | 139,888.56 | -14,391.76     | 89.7%       |
| <b>Gross Profit</b>             | 125,496.80       | 139,888.56 | -14,391.76     | 89.7%       |
| <b>Expense</b>                  |                  |            |                |             |
| Debt Service                    |                  |            |                |             |
| RIP 97-02 Loan                  | 2,107.70         | 2,107.70   | 0.00           | 100.0%      |
| Water Well # 1 Payment          | 2,500.00         | 2,500.00   | 0.00           | 100.0%      |
| Total Debt Service              | 4,607.70         | 4,607.70   | 0.00           | 100.0%      |
| Insurance                       |                  |            |                |             |
| Insurance, Combined Auto, PL/PD | 6,269.50         | 7,000.00   | -730.50        | 89.6%       |
| Workermans Comp.                | 2,211.00         | 1,242.00   | 969.00         | 178.0%      |
| Workers Comp Audit              | 0.00             | 180.00     | -180.00        | 0.0%        |
| Total Insurance                 | 8,480.50         | 8,422.00   | 58.50          | 100.7%      |
| Licenses, Permits, Dues         |                  |            |                |             |
| NMI PRC                         | 10.00            | 10.00      | 0.00           | 100.0%      |
| NMI Rural Water Dues            | 264.00           | 264.00     | 0.00           | 100.0%      |
| US Forest Service               | 0.00             | 700.00     | -700.00        | 0.0%        |
| Licenses, Permits, Dues - Other | 25.00            | 25.00      | 0.00           | 100.0%      |
| Total Licenses, Permits, Dues   | 299.00           | 999.00     | -700.00        | 29.9%       |
| Non Sufficient Fund Fee         | 50.00            | 50.00      | 0.00           | 100.0%      |
| Non Sufficient Funds            | 336.68           | 251.74     | 84.94          | 133.7%      |

**Regina Mutual Domestic Water Consumers Association, Inc.**  
**Profit & Loss Budget vs. Actual**  
 July 2013 through June 2014

1:09 PM  
 07/01/14  
 Cash Basis

|   | Jul '13 - Jun 14 | Budget           | \$ Over Budget    | % of Budget   |
|---|------------------|------------------|-------------------|---------------|
| <b>Operations &amp; Maintenance</b>       |                  |                  |                   |               |
| Audit                                     | 3,786.57         | 3,787.00         | -0.43             | 100.0%        |
| Backhoe O & M                             | 1,156.57         | 840.00           | 316.57            | 137.7%        |
| Internet Charges                          | 240.00           | 240.00           | 0.00              | 100.0%        |
| Mileage                                   | 1,220.76         | 1,320.00         | -99.24            | 92.5%         |
| Office & Computer Supplies                | 603.33           | 3,000.00         | -2,396.67         | 20.1%         |
| Postage, Freight                          | 1,483.11         | 1,200.00         | 283.11            | 123.6%        |
| Printing and Copying                      | 163.95           | 300.00           | -136.05           | 54.7%         |
| Repair Parts                              | 11,960.12        | 10,800.00        | 1,160.12          | 110.7%        |
| Telephone Charges                         | 167.04           | 167.04           | 0.00              | 100.0%        |
| Training, Motels, Meals, Etc.             | 880.38           | 1,620.00         | -739.62           | 54.3%         |
| Treating                                  | 214.72           | 1,200.00         | -985.28           | 17.9%         |
| Truck Expense                             | 3,992.19         | 5,400.00         | -1,407.81         | 73.9%         |
| Utilities                                 | 8,622.10         | 12,000.00        | -3,377.90         | 71.9%         |
| <b>Total Operations &amp; Maintenance</b> | <b>34,490.84</b> | <b>41,874.04</b> | <b>-7,383.20</b>  | <b>82.4%</b>  |
| <b>Other Types of Expenses</b>            |                  |                  |                   |               |
| Other Costs                               | 0.00             | 0.00             | 0.00              | 0.0%          |
| <b>Other Types of Expenses - Other</b>    | <b>25.00</b>     | <b>0.00</b>      | <b>25.00</b>      | <b>100.0%</b> |
| <b>Total Other Types of Expenses</b>      | <b>25.00</b>     | <b>0.00</b>      | <b>25.00</b>      | <b>100.0%</b> |
| <b>Outside Services</b>                   |                  |                  |                   |               |
| Catering                                  | 540.00           | 600.00           | -60.00            | 90.0%         |
| Legal Fees                                | 0.00             | 500.00           | -500.00           | 0.0%          |
| One-Call Service                          | 119.33           | 240.00           | -120.67           | 49.7%         |
| <b>Other Outside Services</b>             | <b>2,896.61</b>  | <b>12,000.00</b> | <b>-9,103.39</b>  | <b>24.1%</b>  |
| <b>Total Outside Services</b>             | <b>3,555.94</b>  | <b>13,340.00</b> | <b>-9,784.06</b>  | <b>26.7%</b>  |
| <b>Payroll Expenses</b>                   |                  |                  |                   |               |
| Federal Payroll Withholding               | 2,637.05         | 3,300.00         | -662.95           | 79.9%         |
| Medicare                                  | 1,148.61         | 1,260.00         | -111.39           | 91.2%         |
| Monthly Payroll                           | 33,478.16        | 42,000.00        | -8,521.84         | 79.7%         |
| NM Payroll Withholding                    | 416.33           | 600.00           | -183.67           | 69.4%         |
| Social Security                           | 4,911.27         | 5,400.00         | -488.73           | 90.9%         |
| Unemployment Tax to NM                    | 266.92           | 360.00           | -93.08            | 74.1%         |
| Workers Com. Tax Fee to NM                | 86.00            | 86.00            | 0.00              | 100.0%        |
| <b>Total Payroll Expenses</b>             | <b>42,944.34</b> | <b>53,006.00</b> | <b>-10,061.66</b> | <b>81.0%</b>  |
| <b>Taxes</b>                              |                  |                  |                   |               |
| CRS Tax to NM                             | 5,768.24         | 5,820.00         | -51.76            | 99.1%         |
| Water Use Tax                             | 239.97           | 312.00           | -72.03            | 76.9%         |
| <b>Total Taxes</b>                        | <b>6,008.21</b>  | <b>6,132.00</b>  | <b>-123.79</b>    | <b>98.0%</b>  |

07

**Regina Mutual Domestic Water Consumers Association, Inc.**  
**Profit & Loss Budget vs. Actual**  
July 2013 through June 2014

1:09 PM  
07/01/14  
Cash Basis

|                            | Jul '13 - Jun 14  | Budget            | \$ Over Budget    | % of Budget   |
|----------------------------|-------------------|-------------------|-------------------|---------------|
| Tools                      | 75.32             | 480.00            | -404.68           | 15.7%         |
| <b>Total Expense</b>       | <b>100,873.53</b> | <b>129,162.48</b> | <b>-28,288.95</b> | <b>78.1%</b>  |
| <b>Net Ordinary Income</b> | <b>24,623.27</b>  | <b>10,726.08</b>  | <b>13,897.19</b>  | <b>229.6%</b> |
| Other Income/Expense       |                   |                   |                   |               |
| Other Expense              | 100.00            |                   |                   |               |
| Refund                     | 100.00            |                   |                   |               |
| <b>Total Other Expense</b> | <b>-100.00</b>    | <b>0.00</b>       | <b>-100.00</b>    | <b>100.0%</b> |
| <b>Net Other Income</b>    | <b>24,523.27</b>  | <b>10,726.08</b>  | <b>13,797.19</b>  | <b>228.6%</b> |
| <b>Net Income</b>          |                   |                   |                   |               |

**STATE OF NEW MEXICO  
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended June 30, 2014**

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|  | <u>Type<br/>of<br/>Finding *</u> | <u>Prior<br/>Year<br/>Finding<br/>Number</u> | <u>Current<br/>Year<br/>Finding<br/>Number</u> |
|--|----------------------------------|--|--|
| <b>Current Year Findings:</b><br>None            | N/A                              | N/A  | N/A  |
| <b>Follow-up on Prior Year Findings:</b><br>None | N/A                              | N/A  | N/A  |

**\* Legend for Findings:**

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

**STATE OF NEW MEXICO  
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference  
Year Ended June 30, 2014**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on October 27, 2014 with the following in attendance:

Regina Mutual Domestic Water Consumers Association

George Latham, Board Vice-President  
Rory Rieck, Manager/Operator

Accounting Firm

James R. (Jim) Macias, CPA