SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION AGREED-UPON PROCEDURES DECEMBER 31, 2010

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION TABLE OF CONTENTS DECEMBER 31, 2010

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SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION OFFICIAL ROSTER DECEMBER 31, 2010

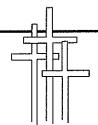
ROBERT EBLER - PRESIDENT

JAIME VILLASENOR - VICE PRESIDENT

JOANNE JOHNSON - TREASURER/SECRETARY

JERRY MACIAS - BOARD MEMBER

BILL KING - BOARD MEMBER



Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and State Auditor San Pablo 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, which were agreed to San Pablo Mutual Domestic Water Consumers Association, 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 San Pablo Mutual Domestic Water Consumers Association as of December 31, 2010.San Pablo 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 San Pablo Mutual Domestic Water Consumers Association 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

April 30, 2011

		SAN P.	ABLO MU				ONSUMER	S ASSOCI	ATION		
						OPE OF V					
						PROCEE					
		Tier 4 of t	the Audit A	ct - Section	ı 12-6-3 B (4) NMSA 1	978 and Se	ction 2.2.2.	16 NMAC		
1)	CASH										
	(a)	The Contra	ictor shall d	etermine wi	nether bank	reconciliation	ons are being	g performed	in a timely	manner and	i
		whether all	bank and in	vestment s	tatements fo	r the fiscal	year are con	plete and o	n-hand	*********	
*		Procedure									
		Obtained co	opies of all	bank recond	ciliations an	d bank state	ments for th	e year.			
		Verified that	at the banks	were recor	ciled each r	nonth, revie	wed the ban	k reconcilia	tions.		[
		Finding:			1						
		The banks	were recond	iled each n	onth and ar	e given to tl	ie Board ead	h			
		month for a	approval.	***-		T T					
	b)			erform a rai	dom test of	bank recon	ciliations fo	r accuracy	Also trace	ending	
		balances to	the general	ledger, sup	porting doc	umentation	and the fina	ncial renorm	submitted	to DEA-Lo	 ^al
		Governmen	nt Division	<u> </u>	Ĭ			Topora	oubline Cu	10 D1 /1-20	
		Procedure	:		<u> </u>	<u> </u>			ļ		
				conciliation	s were recor	nouted to de	etermine acc	itacy The	monthly bo	nkkeenina	
		is done by)	Mesilla Val	lev Accoun	ting Books	are kent or	Quickbook	s and recon	ciled through	d Onighbar	l Nr.o
		We compar	red the cash	balances p	er bank reco	nciliatione	the respec	tive general	ledge seedel	unt balance	,vy.
		Monthly fir	nancial state	ments are r	resented to	the Roard o	f Directors	w Medille	Johan Assa	unt parance	نة. ا
		for approva	il Financia	reports ha	ve never be	n required	to be cent to	DEA non N	faille Valle	unting	L
		They have	asked for an	idance from	n DEA and	to data have	not receive	DFA per iv	esina vane	y Accounti	ng.
		Finding:	usaco toi ge	numilee mon	I DI A AIR	lo date mave	liot receive	u any respo	use back.		
		No discrepa	onoige noted								
~	c)				athar tha la	ool oublio k	advia filosos				
		the Coma	cioi sitali de	deimine wi	remer me to	car buone r	ody's financ	nat institutio	ons have pro	ovided it wi	th
		the 50% of	pieagea coi	rateration a	ii uninsured	deposits as	required by	Section 6-	10-17 NMS	A 1978, NI	4
		Public Mon		ppiicable							
		Procedure:			<u> </u>	L	L				
···			iatements fo	r the entire	fiscal year	ending Dece	mber 31, 20	110 were rev	iewed for b	alances.	
		Finding:	,								
···		The bank ba	alances nev	er exceeded	the \$250.0	00 threshol	for the FD	IC limit; the	refore, pled	lged	
		collateral w	as not requi	red.					***************************************		<u> </u>
	O L DYM L T	1.00									
2)	CAPITAL	ASSETS					<u> </u>				
					<u> </u>						
	The Contra	ctor shall ve	rify the loc	al public bo	dy is perfor	ming a year	ly inventory	as required	l by Section	12-6-10	
	NMSA 197										
		Procedure:									
		Reviewed d						ccounting			
		Noted addit	ions to asse	ts each yea	r. Verified y	early inven	tory taken.				
		Finding:									
		No discrepa	ıncies noted				I			l'''	<u> </u>
				***						İ	
)	REVENUI	E									
							<u> </u>			 	
	The Contra	ctor shall ide	entify the na	ature and a	nount of re	enue from	sources by r	eviewing th	e budoet ac	reemente	
	rate schedu	es, and unde	erlying doc	imentation						5. 00monto,	
		Perform an				ue compare	d to budget	ed revenue i	Or the year	for each	 -
		type of reve						1010111101	or me year	TOT GRETT	<u> </u>
		Procedure:					<u> </u>			ļ	
		System billi		nths were t	ested for an	curacies en	d tied to the	general lad	1	<u> </u>	-
		Monthly rec									-
		the general I						is iax report	s and		
		Finding:	reager and C	еровиз ша	ac to the da	nk account	». T		<u> </u>	ļ	
									<u> </u>	-	<u> </u>
		No discrepa	ncies noted	•							<u> </u>
			- 1		1	I .	1	1	I	I	i

		SAN P	ABLO MU	JTUAL DO	MESTIC V	VATER C	ONSUME	RSASSOC	IATION		
					IBIT A- SC						
					EED UPON						
		Tier 4 of	the Andit A		n 12-6-3 B (notion 2.1.1	1 (NIM + C	,	
				ice section	12000	THE PARTY OF THE P	T	CCHOII 2.2.2	LUINIAC		
	REVEN	UE (continu	е д)								
		(00					 	-			
	The Cont	ractor shall to	et 50% of t	he total amo	unt of rayor	was for the	following		<u> </u>	 	
	b)	Amount re	corded in th	no total and	dear earea	to the over	ionowing a	uuidules:	ļ <u> </u>		
	c)	Proper rece	ording of al	e general le	dger agrees	to me supp	orung docu	inentation a	nd the bank	statement.	
		reperal led	oor Dorford	assincation,	amount, an	а репоа ре	r review or	supporting (locumentati	on and the	
		ite account	ina rasarda	ii uits ieveli	ue work on	the same ac	counting ba	isis that the	local public	body keeps	
		Procedure		on, cash ba	sis, modified	i accruai da	isis, or accri	uai dasis.		ļ	
				منعمط ممطعه				<u> </u>		<u> </u>	
		for 50% of	bs were our	amed and tr	aced to ban	k statement	general lec	iger and fina	incial staten	nents	
		and record	an revenue	s, reviewed	all supporti	ng documer	itation for p	proper classi	fication, an	nount	
		Finding:	ing period.				ļ				
 								<u> </u>			
		No discrep	ancies note	a.	ļ						
4)	EXPEND	TOTOTO		 	ļ			<u> </u>			
	EATEND	TIUKES		ļ			<u> </u>				
	The Cont	looto-raball	1	1 0 1 1		<u> </u>	<u></u>		<u> </u>		
	amount of	actor shall se	elect a samp	le of cash d	isbursement	is and test a	t least 25 tr	ansactions a	nd 50% of 1	the total	
	anount of	expenditure	s for the fol	lowing attri	butes:	<u> </u>		<u>L</u>			
	(a)	Determine	that amoun	t recorded a	s disbursed	agrees to ac	lequate sup	porting docu	mentation.	Verify that	
		amount, pa	yee, date an	id descriptio	on agree to t	he vendor's	invoice, pu	rchase orde	r, contract a	nd cancelled	
	b\	check, as a			L	<u></u>					
	b)	Determine	that disburs	ements wer	e properly a	uthorized a	nd approve	d in complia	ince with th	e budget,	
		legal requir	ements and	established	policies an	d procedure	S.				
	c)	Determine	that the bid	process (or	request for	proposal pr	ocess if app	olicable), pu	rchase order	rs, contracts	
		and agreem	ents were p	rocessed in	accordance	with the N	ew Mexico	Procuremen	it Code (Sec	ction 13-1-28	
		through 13	-1-199 NM	SA 1978) a	nd State Pur	chasing Re	gulations (1.4.1 NMA(c) and Regu	lations	
	Note: The	Governing	the Per Die	m and Mile	age Act (2.4	2.2 NMAC	2).				
	Note: The	sample must		ntative of th	e population	ì.					
		Procedure		<u> </u>	<u> </u>		<u> </u>				
		Tested 25 c	ash disburs	ements fron	n the operati	ing account	•				
		Each cash o	lisbursemer	it was tested	for adequa	te supporti	ng documer	tation, veri	ied amount	, payee, date,	
		and descrip	tion agreed	to vendor's	invoice and	cancelled	check. Trac	ced authoriz	ation to esta	ablished	
···		policies and	procedure:	s and was a	pproved and	l authorized	by the Boa	ard of Direc	tors and ma	nagement.	
		There were	no new bid	s for curren	t projects ar	id determin	ed that the	various con	racts were i	n compliance	
		with the Ne	W Mexico I	rocuremen	t Code. Me	silla Valley	Accountin	g prepares a	II disbursen	nents and	
		presents the	disburseme	ent package	to the Boar	d each mor	th for appro	oval.			
		Finding:					ļ				
		No discrepa	incies were	noted.							
5)	TOTEDNIA	T YEAT TO SEE									
"	JOURNA	L ENTRIES	<u> </u>								
	TE					<u> </u>	<u> </u>				
	ar non-rout	ine journal e	ntries, such	as adjustm	ents or recla	ssifications	, are posted	to the gene	ral ledger, t	he Contractor	
		gnificant iter									
	a)	Journal entr									
	b)	The local pu	iblic body l	nas procedu	res that requ	rire journal	entries to b	e reviewed	and there is	evidence the	
		reviews are		rmed			ļ				
·		Procedure:				<u> </u>	<u> </u>				
		Six months	were tested	for journal	entries prep	pared by Me	esilla Valle	y Accountin	g. The jour	nal entries	
		are presente	a to the Bo	ard each mo	onth for thei	r review ald	ong with the	e financial s	tatements.		
		Finding:					<u> </u>				
···		The journal	entries are	presented to	the Board	each month	i; however i	there was no	evidence o	n the	
		journal entri	es that they	were appro	oved. No si	gnature or o	dates reviev	ved. See find	ding page 1:	5, Item 2010-1	

		SAN P	ABLO MU					RS ASSOC	IATION		
					BIT A-SC						
		Tion 4 . C.			EED UPON						
	T	Tier 4 of t	ne Audit A	ct - Section	12-6-3 B (4) NMSA	1978 and S	ection 2.2.2	.16 NMAC		
6)	BUDGET										
")	DUDGEI		<u></u>								
	The Conte	notor aball al	 			7 11 1	<u> </u>		<u> </u>		
	and perfor	actor shall ol m the follow	diam the off	ginai tiscai	year budge	and all bud	iget amendi	ments made	throughout	the fiscal ye	ar
	and perror			. 6.1	l	<u></u>			<u> </u>		
		budget all	ough a revie	w or the mi	nutes and c	orresponder	ice, that the	original bu	dget and sub	sequent	<u> </u>
	b)	Data-	istments we	re approved	by the loca	il public bo	dy's govern	ing body an	d DFA-LGI).	Ĺ
	(0)	if an sassa	ii the total a	ctual expen	ditures exce	eeded the fi	nai budget a	it the legal I	evel of budg	etary contro	<u>l;</u>
	c)		a complian		<u> </u>	l					
		Prom me or	riginal and i	inal approv	ed budgets	and general	ledger, pre	pare a scheo	lule of reven	ues and	
		expenditure	es - budget a	ind actual o	n the budge	tary basis u	sed by the	local public	body (cash,	accrual or	
			crual basis)	for each in	dividual fu	nd.					
		Procedure				<u> </u>	<u> </u>				
		Obtain Cop	y of overall	budget for t	the local pu	blic body.	<u> </u>	<u> </u>			
		Obtain Min	utes of the	Board and r	eview for a	pproval of I	oudget and	budget adju	stments.		
		Noted the o	verall budg	et was appr	oved by the	Board.					
		Finding:			L						
		And Organi	zation has r	iever been r	equired to o	lo a budget	for DFA ap	proval. Me	silla Valley		
		Accounting	nas reques	ted guidanc	e from DFA	on the bud	igeting prod	cedures and	has not rece	ived	
		a response l		2010.0					ļ		
	OTHER	See finding	page 16, Ite	m 2010-2.			ļ		ļ		
	OTHER		·								
	Tf in form of	<u> </u>							<u> </u>		
	noncor-al-	ion comes to	the Contra	ctor's attent	ion (regard)	ess of mate	riality) indi	cating any f	raud, illegal	acts,	ļ
	Costion 12	ance, or any	internal cor	itroi deficie	ncies, such	instances n	oust be disc	losed in the	report as rec	juired by	
	Section 12-	6-6 NMSA	1978. The	findings mi	ist include	the required	contract p	er Section 2	.2.2.10(I)(3)	(c) NMAC.	
		Finding:		***************************************							
		No discrepa	incies noted	•			ļ			<u> </u>	
	Coo En 31	17 ×						 			
	See midin	g page 17, It	em 2010-3	for late repo	ort.					<u> </u>	

San Pablo MDWCA Statement of Assets, Liabilities, and Net Assets Modified Cash Basis

ASSETS	Dec 31, 10
Current Assets Checking/Savings	
Citizens Bank - Water Account	
⊏uward Jones	28,661.71 66,018.78
Total Checking/Savings	
Accounts Receivable Due from NMED-State Grant Water & Wastewater Customers	94,680.49 24,764.09
Total Accounts Receivable	7,930.57
Other Current Assets Prepaid Expenses	32,694.66
Prepaid Insurance	196.27
Rebate Gift Cards Undeposited Funds	1,862.21
Total Other Current Assets	4.90 3,406.08
	5,469.46
Total Current Assets	122 044 04
Fixed Assets Computer Equipment	132,844.61
⊏quipment	1,122.26
Water System	46,058.31
Wastewater System Phase I Wastewater System Phase II	660,000.00 1,783,792.79
Accumulated Depreciation	1,088,935.11
Total Fixed Assets	-872,269.89
Other Assets	2,707,638.58
Costs to Procure Land Total Other Assets	75,235.91
	75,235.91
TOTAL ASSETS	2,915,719.10
LIABILITIES & EQUITY Liabilities Current Liabilities Accounts Payable	2,010,718.10
Assessed Property Taxes Trade Accounts Payable	152.07
Total Accounts Payable	12,987.97
Other Current Liabilities Customer Deposits Allowance - Unrecorded Deposits	13,140.04
Rental Deposits	700.00
Total Allowance - Unrecorded Deposits	720.00
Renter's Deposits Member Water Deposits	720.00 4,855.00
Total Customer Deposits	300.00
Sales Tax Payable	5,875.00
Total Other Current Liabilities	652.55
Total Current Liabilities	6,527.55
Total Liabilities	19,667.59
Equity	19,667.59

San Pablo MDWCA Statement of Assets, Liabilities, and Net Assets Modified Cash Basis

Roard Davis	Dec 31, 10
Board Designated Reserves Capital Reserves Water System Waste Water System	8,750.00
Total Capital Reserves	31,250.00
Emergency Reserve	40,000.00
Operating Reserves Water System	2,400.00
Waste Water System	6,000.00
Total Operating Reserves	6,000.00
•	12,000.00
Total Board Designated Reserves	
Unrestricted Fund Balance Fixed Assets	54,400.00
Total Unrestricted Fund Balance	2,839,539.49
Restricted Fund Balance Planning & Purchase of Land	2,839,539.49
Total Restricted Fund Balance	24,764.09
Retained Earnings	24,764.09
Net Income	115,675.72
Total Equity	-138,327.79
•	2,896,051,51
TOTAL LIABILITIES & EQUITY	2,915,719.10

Statement of Support, Revenue and Expenses Modified Cash Basis

Ordinary Income/Expense	Jan - Dec 10
Income Operating Revenues	
Water Sales	
Wastewater Sales	67,834.00
Delinguent Notices	91,294.26
Idle Status	3,350.10
Installation Fees Waste Water	1,045.00
Total Installation Fees	1,800.00
Late Fees	1,800.00
Reconnection Fees	6,973.73
Returned Check Fees	1,700.00
Service Calls	140.00
Transfer Fees	105.00
Total Operating Revenues	375.00
Total Income	174,617.09
Cost of Goods Sold	174,617.09
Purchased Water	
Waste Water Service	22,138.53
Total COGS	
	66,205.87
Gross Profit	108,411.22
Expense	,00,11,22
Operating Expenses Advertising	
Chemicals	282.78
Depreciation Expense	4,997.79
Dues and Subscriptions	138,354.66
Insurance	121.52
Licenses and Permits	4,923.78
System Maintenance Contractors	10.00
vvater System	20,779.93
Wastewater System	31,627.44
Total System Maintenance Contractors	52,407.37
Office Expense Other Taxes	298.38
Professional Services	-0.01
Accounting/Administrative Fees	
Professional Services - Other	26,479.84 1,947.40
Total Professional Services	28,427.24
Property Taxes	
System Repairs & Maintenance	304.15 7,43 7 .51
Telephone	1,222.27
Training Utilities	640.53
Void	7,318.36
	0.00
Total Operating Expenses	246,746.33
Total Expense	246,746.33
Ordinary Income	
er Income/Expense	-138,335.11
Other Income	
Nonoperating Revenues	

Statement of Support, Revenue and Expenses Modified Cash Basis

Interest Income	Jan - Dec 10
Total Nonoperating Revenues	7.32
Total Other Income	7.32
Net Other Income	7.32
Net Income	7.32
	-138,327.79

STATE OF NEW MEXICO SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION EXHIBIT C

BUDGET AND ACTUAL - Accrual Basis

Statement of Revenues and Expenditures Budget and Actual

For the Year Ended December 31, 2010

	 Budgeted	Amou	ints	al Amounts udgetary		ince with l Budget
	 Original		Final	 Basis	Positive	/(Negative)
REVENUES						
Water and wastewater sales	\$ 159,954	\$	159,954	\$ 159,128	\$	(826)
Administration Fees/Penalties	8,184		8,184	10,324		2,140
Membership/Install	6,500		6,500	1,800		(4,700)
Reconnection Fees	1,445		1,445	1,700		255
Miscellaneous	1,881		1,881	1,665		(216)
Interest/Rebates	 78_		78	 7		(71)
Total revenues	 178,042		178,042	 174,624		(3,418)
EXPENDITURES						
Salaries/Contractors	50,355		50,355	52,407		(2,052)
Accounting/Legal	23,242		23,242	28,427		(5,185)
Taxes/Insurance	5,169		5,169	5,228		(59)
Utilities	7,165		7,165	7,318		(153)
System Supplies/Maintenance	81,026		81,026	78,642		2,384
Office/Miscellaneous	3,605		3,605	2,575		1,030
Reserve	-		-	-		
Interest	_		-	-		-
Depreciation	 138,394		138,394	 138,355		39
Total expenditures	 308,956		308,956	 312,952		(3,996)
Excess (deficiency) of revenues over						
expenditures	 (130,914)		(130,914)	 (138,328)		(7,414)
OTHER FINANCING SOURCES (USES) Operating transfers in (out)	 <u>-</u>			 -		
Excess (deficiency) of revenues and other financing sources over expenditures						
and other financing sources	(130,914)		(130,914)	\$ (138,328)	\$	(7,414)
Budgeted cash carryover	 130,914		130,914			
	 	\$				

San Pablo MDWCA Profit & Loss Budget vs. Actual

	Jan - Dec 10	Budget	6	
Ordinary Income/Expense		10000	\$ Over Budget	% of Budget
Operating Revenues				
Water Sales	67.834.00	000000000000000000000000000000000000000		
Wastewater Sales	91,294.26	00,023,40 03 125 48	1,004.54	101.5%
Dennytent Notices Idle Status	3,350.10	2,900.00	-1,831,22	%0.86
Installation Foes	1,045.00	1,485,00	430.10	115.5%
Waste Water			140.00	70.4%
Installation Fees - Other	1,800.00	6		
Total Indulation	00:0	6,400.00	-6,400.00	%0:0
ord instantation rees	1,800.00	6,400.00	-4.600.00	28 10/
Lafe Fees	6.973.73	A 202		20.1.70
Membership Fees	0.00	3,263,80	1,689.83	132.0%
Reconnection Fees	1.700.00	1 445 00	-100.00	%0.0
Returned Check Fees	140.00	140.00	255.00	117.6%
Service Calls	105.00	181.05	0.00	100.0%
Transfer Fees	375.00	75.00	300.00	58.0% 50.00%
Total Operating Revenues	174,617.09	177,964.89	-3,347.80	98.1%
Total Income	174,617.09	177.964.89	-3 347 RO	/07 00
Cost of Goods Sold				%I.%
Purchased Water Waste Water Service	22,138.53	20,114.88	2,023.65	110.1%
F	to /opit-	07,311.30	6,155.98	116.2%
lotal COGS	66,205.87	58,026.24	8,179.63	114.1%
Gross Profit	108,411.22	119,938.65	-11,527.43	90.4%
Expense				00.4.00
Operating Expenses				
Advertising	282.78			
Bar Veot Expense	0.00	491.73	-491.73	0.0%
Observing Expenses	0.00	233.03	-233.03	0.0%
Ciencals	4,997.79	10,000.00	-5,002.21	50.0%
Depreciation Expense	138,354.66	138,393.82	-39.16	100.0%
Dues and Subscriptions	121.52	89.21	32.31	136.2%
General Supplies	0.00	26.78	-26.78	0:0%
Insurance	4,923.78	4,828.66	95.12	102.0%
Licenses and Permits	10.00			
System Maintenance Contractors	000000000000000000000000000000000000000			
water System Wastewater System	20,779.93 31,627.44	20,902.51 29,452.58	-122.58 2 174 86	99.4%
Total System Maintenance Contractors	59 407 37	ED 28.5 00		
	10: 121-120	80.000,00	4,052.28	104.1%
Office Expense Other Taxes	298.38 -0.01	167.89 -0.02	130.49	177.7% 50.0%
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San Pablo MDWCA Profit & Loss Budget vs. Actual

Professional Samicos	Jan - Dec 10	Budget	\$ Over Budget	% of Budget
Accounting/Administrative Fees Legal Fees Professional Services - Other	26,479.84 0.00 1,947.40	22,871.90 369.66	3,607.94	115.8% 0.0%
Total Professional Services	28,427.24	23,241.56	5,185.68	122 3%
System Repairs & Maintenance	304.15 7,437.51	340.07	-35.92	89.4%
Training	1,222.27	1,492.58	-5,562.49	57.2%
Utilities	640.53 7 3 1 8 3 6	1,105.00	-464.47	58.0%
Void	00:0	7,164.97	153.39	102.1%
Total Operating Expenses	246,746.33	250,930.37	-4,184.04	98.3%
Total Expense	246,746.33	250,930.37	-4,184.04	98.3%
Net Ordinary Income	-138,335.11	-130,991.72	-7.343.39	105 8%
Other Income/Expense Other Income	-			
Nonoperating Revenues				
interest income Rebate Income	7.32	27.58 50.00	-20.26 -50.00	26.5% 0.0%
Total Nonoperating Revenues	7.32	77.58	.70.26	9.4%
Total Other Income	7.32	77.58	-70.26	9.4%
Other Expense Nonoperating Expenses Rental Expense	0.00	0.00	0.00	0.0%
Total Nonoperating Expenses	0.00	0.00	0.00	%0.0
Total Other Expense	0.00	0.00	0.00	%0.0
Net Other Income	7.32	77.58	-70,26	9.4%
Net income	-138,327.79	-130,914.14	-7,413.65	105.7%

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION SCHEDULE OF FINDINGS AND RESPONSES DECEMBER 31, 2010

Item 2010-01 Lack of documenting review procedures

Statement of Condition:

It was noted during testing that there was no documentation that journal entries had been reviewed, except that they were approved in an over vote each month by the Board on the financial statements.

Criteria:

Good internal controls require that management review work performed by others. Reviews can be documented through signatures, initialing and dating.

Effect:

Adjusting entries may be made without management's knowledge and unauthorized expenditures may be made without management review.

Cause:

The financial statements are approved at monthly Board meetings and reviewed by each Board member.

Recommendation:

A Board member should initial and date the journal entries at the monthly Board meeting after they have been approved by the Board.

Management Response:

Management concurs and will implement procedures to comply with the above recommendation.

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION SCHEDULE OF FINDINGS AND RESPONSES DECEMBER 31, 2010

Item 2010-02 Budget

Statement of Condition:

The budget was approved at the beginning of the year and was not adjusted throught the year to reflect changes in revenues and expenditures.

Criteria:

Good internal controls require that management review the budget on a monthly basis and prepare budget adjustment requests to reflect changes in expenditures.

Effect:

The budget showed an over expenditure of \$3,996 at the end of the year, which is not allowed under SAO Rule 2.2.2.10.P

Cause:

Budgets have been prepared at the beginning of each year and have not been required by DFA in the passed.

Recommendation:

The Board needs to analyze the budget on a monthly basis and prepare budget adjustments as needed and approved by DFA.

Management Response:

We have not had to do a budget before and we will do budgets from this point foreward.

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION SCHEDULE OF FINDINGS AND RESPONSES DECEMBER 31, 2010

Item 2010-03 Late Report

Statement of Condition:

The original report was filed by the May 31, 2011 deadline. However, due to additional information being required to be added to the report the report was filed late.

Criteria:

The State Auditor requires the report to be filed by May 31st.

Effect:

The report was filed late.

Cause:

The State Auditor required additional information to be added to the original report.

Recommendation:

The report be filed in a timely manner with all information needed.

Management Response:

Concur

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION EXIT CONFERENCE DECEMBER 31, 2010

Exit Conference:

The exit conferences were held on April 30, 2011	and July 25, 2011 with the following persons:
Robert Ebler, 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 San Pablo Mutual Domestic Water Consumers Association with the assistance of management.