

**SAN PABLO MUTUAL
DOMESTIC WATER COMSUMERS ASSOCIATION
AGREED-UPON PROCEDURES
December 31, 2011**

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
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DECEMBER 31, 2011**

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**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2011**

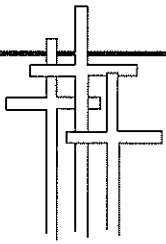
ROBERT EBLER - PRESIDENT

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, 2011. 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

October 25, 2012

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

	Dec 31, 11
ASSETS	
Current Assets	
Checking/Savings	
Citizens Bank - Water Account	23,850.21
Edward Jones	78,023.78
Total Checking/Savings	101,873.99
Accounts Receivable	
Due from NMED-State Grant	868.01
Water & Wastewater Customers	5,925.84
Total Accounts Receivable	6,793.85
Other Current Assets	
Construction in Process	
Building	30,868.55
Total Construction in Process	30,868.55
Prepaid Expenses	877.90
Prepaid Insurance	1,517.14
Rebate Gift Cards	4.90
Undeposited Funds	5,480.84
Total Other Current Assets	38,749.33
Total Current Assets	147,417.17
Fixed Assets	
Computer Equipment	1,122.26
Equipment	46,058.31
Water System	660,000.00
Wastewater System Phase I	1,783,792.79
Wastewater System Phase II	1,088,935.11
Accumulated Depreciation	-1,010,648.49
Total Fixed Assets	2,569,259.98
Other Assets	
Vacant Land	75,235.91
Total Other Assets	75,235.91
TOTAL ASSETS	2,791,913.06
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Assessed Property Taxes	153.81
Trade Accounts Payable	12,537.40
Total Accounts Payable	12,691.21
Other Current Liabilities	
Customer Deposits	
Allowance - Unrecorded Deposits	
Rental Deposits	610.00
Total Allowance - Unrecorded Deposits	610.00
	610.00

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

	Dec 31, 11
Renter's Deposits	5,545.00
Member Water Deposits	300.00
Total Customer Deposits	6,455.00
Total Other Current Liabilities	6,455.00
Total Current Liabilities	19,146.21
Total Liabilities	19,146.21
Equity	
Board Designated Reserves	
Capital Reserves	
Water System	8,750.00
Waste Water System	31,250.00
Total Capital Reserves	40,000.00
Emergency Reserve	2,400.00
Operating Reserves	
Water System	5,957.45
Waste Water System	6,000.00
Total Operating Reserves	11,957.45
Total Board Designated Reserves	54,357.45
Unrestricted Fund Balance	
Fixed Assets	2,707,638.58
Total Unrestricted Fund Balance	2,707,638.58
Restricted Fund Balance	
Planning & Purchase of Land	24,764.09
Total Restricted Fund Balance	24,764.09
Retained Earnings	108,255.38
Net Income	-122,248.65
Total Equity	2,772,766.85
TOTAL LIABILITIES & EQUITY	2,791,913.06

San Pablo MDWCA
Statement of Support, Revenue and Expenses
Modified Cash Basis

Ordinary Income/Expense	Dec 11	Jan - Dec 11
Income		
Operating Revenues		
Water Sales		70,852.65
Wastewater Sales	5,028.10	
Delinquent Notices	8,735.98	103,652.51
Idle Status	280.00	
Installation Fees	275.00	3,570.00
Water		1,815.00
Total Installation Fees	0.00	1,500.00
Late Fees	0.00	1,500.00
Penalties	503.59	8,733.45
Reconnection Fees	0.00	1,132.11
Returned Check Fees	85.00	1,530.00
Transfer Fees	0.00	70.01
Total Operating Revenues	75.00	300.00
Revenue from Reimbursements	14,982.67	193,155.73
Water Line Repairs		
Total Revenue from Reimbursements	0.00	90.00
Total Income	14,982.67	90.00
Cost of Goods Sold		193,245.73
Purchased Water		
Waste Water Service	1,816.93	24,832.17
Total COGS	3,356.41	37,647.82
Gross Profit	5,173.34	62,479.99
Expense	9,809.33	130,765.74
Operating Expenses		
Bad Debt Expense		5,328.23
Chemicals	0.00	5,359.48
Depreciation Expense	8.38	138,378.60
Dues and Subscriptions	11,531.55	244.35
Insurance	0.00	4,098.59
Licenses and Permits	-384.48	20.00
System Maintenance Contractors	10.00	
Water System		
Wastewater System	1,276.50	23,450.27
Total System Maintenance Contractors	2,106.22	27,885.71
Office Expense	3,382.72	51,335.98
Other Taxes	0.00	221.87
Printing and Reproduction	0.00	-0.03
Professional Services	0.00	374.50
Accounting/Administrative Fees		
Total Professional Services	2,171.42	27,935.86
Property Taxes	2,171.42	27,935.86
System Repairs & Maintenance	0.00	307.62
Telephone	174.79	10,240.13
Utilities	51.19	707.96
Void	319.93	8,466.25
Total Operating Expenses	0.00	0.00
Total Expense	17,265.50	253,019.39
Net Ordinary Income	17,265.50	253,019.39
	-7,456.17	-122,253.65

EXHIBIT B

San Pablo MDWCA
Statement of Support, Revenue and Expenses
Modified Cash Basis

	Dec 11	Jan - Dec 11
Other Income/Expense		
Other Income		
Nonoperating Revenues		
Interest Income	0.77	7.12
Unrealized Change in Value	1.44	-2.12
Total Nonoperating Revenues	2.21	5.00
Total Other Income	2.21	5.00
Net Other Income	2.21	5.00
Net Income	-7,453.96	-122,248.65

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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Water and wastewater sales	\$ 159,128	\$ 159,128	\$ 174,506	\$ 15,378
Administration Fees/Penalties	10,324	10,324	13,435	3,111
Membership/Install	1,800	1,800	1,500	(300)
Reconnection Fees	1,700	1,700	1,530	(170)
Miscellaneous	1,665	1,665	2,273	608
Interest/Rebates	7	7	7	-
Total revenues	174,624	174,624	193,251	18,627
EXPENDITURES				
Purchased Water/Waste Water Service	64,905	64,905	62,480	2,425
Salaries/Contractors	52,407	52,407	51,336	1,071
Accounting/Legal	28,427	28,427	27,936	491
Taxes/Insurance	5,228	5,228	4,407	821
Utilities	7,318	7,318	8,466	(1,148)
System Supplies/Maintenance	12,436	12,436	15,599	(3,163)
Office/Miscellaneous	2,575	2,575	6,897	(4,322)
Reserve	-	-	-	-
Interest	-	-	-	-
Depreciation	138,355	138,355	138,379	(24)
Total expenditures	311,651	311,651	315,500	(6,274)
Excess (deficiency) of revenues over expenditures	(137,027)	(137,027)	(122,249)	12,353
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(137,027)	(137,027)	\$ (122,249)	\$ 12,353
Budgeted cash carryover	137,027	137,027		
	<u>\$ -</u>	<u>\$ -</u>		

EXHIBIT D
San Pablo MDWCA
Profit & Loss Budget vs. Actual
 January through December 2011

Ordinary Income/Expense	Jan - Dec 11	Budget	\$ Over Budget	% of Budget
Income				
Operating Revenues				
Water Sales	70,852.65	67,834.00	3,018.65	104.5%
Wastewater Sales	103,652.51	91,294.26	12,358.25	113.5%
Delinquent Notices	3,570.00	3,350.10	219.90	106.6%
Idle Status	1,815.00	1,045.00	770.00	173.7%
Installation Fees				
Water	1,500.00			
Waste Water	0.00	1,800.00	-1,800.00	0.0%
Total Installation Fees	1,500.00	1,800.00	-300.00	83.3%
Late Fees	8,733.45	6,973.73	1,759.72	125.2%
Penalties	1,132.11			
Reconnection Fees	1,530.00			
Returned Check Fees	70.01	140.00	-170.00	90.0%
Service Calls	0.00	105.00	-105.00	50.0%
Transfer Fees	300.00	375.00	-75.00	80.0%
Total Operating Revenues	193,155.73	174,617.09	18,538.64	110.6%
Revenue from Reimbursements				
Water Line Repairs	90.00			
Total Revenue from Reimbursements	90.00			
Total Income	193,245.73	174,617.09	18,628.64	110.7%
Cost of Goods Sold				
Purchased Water	24,832.17	22,138.53	2,693.64	112.2%
Waste Water Service	37,647.82	42,766.73	-5,118.91	88.0%
Total COGS	62,479.99	64,905.26	-2,425.27	96.3%
Gross Profit	130,765.74	109,711.83	21,053.91	119.2%
Expense				
Operating Expenses				
Advertising	0.00	282.78	-282.78	0.0%
Bad Debt Expense	5,328.23			
Chemicals	5,359.48	4,997.79	361.69	107.2%
Depreciation Expense	138,378.60	138,354.66	23.94	100.0%
Dues and Subscriptions	244.36	121.52	122.83	201.1%
Insurance	4,098.59	4,923.78	-825.19	83.2%
Licenses and Permits	20.00	10.00	10.00	200.0%
System Maintenance Contractors				
Water System	23,450.27	20,779.93	2,670.34	112.9%
Wastewater System	27,885.71	31,627.44	-3,741.73	88.2%
Total System Maintenance Contractors	51,335.98	52,407.37	-1,071.39	98.0%
Office Expense	221.87	298.38	-76.51	74.4%
Other Taxes	-0.03	-0.01	-0.02	300.0%
Printing and Reproduction	374.50			
Professional Services				
Accounting/Administrative Fees	27,935.86	26,479.84	1,456.02	105.5%
Professional Services - Other	0.00	1,947.40	-1,947.40	0.0%
Total Professional Services	27,935.86	28,427.24	-491.38	98.3%
Property Taxes	307.62	304.15	3.47	101.1%
System Repairs & Maintenance	10,240.13	7,437.51	2,802.62	137.7%
Telephone	707.96	1,222.27	-514.31	57.9%
Training	0.00	640.53	-640.53	0.0%
Utilities	8,465.25	7,318.36	1,147.89	115.7%
Void	0.00	0.00	0.00	0.0%
Total Operating Expenses	253,019.39	246,746.33	6,273.06	102.5%
Total Expense	253,019.39	246,746.33	6,273.06	102.5%
Net Ordinary Income	-122,253.65	-137,034.50	14,780.85	89.2%
Other Income/Expense				
Other Income				
Nonoperating Revenues				
Interest Income	7.12	7.32	-0.20	97.3%
Unrealized Change in Value	-2.12			
Total Nonoperating Revenues	5.00	7.32	-2.32	68.3%
Total Other Income	5.00	7.32	-2.32	68.3%
Net Other Income	5.00	7.32	-2.32	68.3%
Net Income	-122,248.65	-137,027.18	14,778.53	89.2%

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

Item 2011-01 Fixed Asset Inventory

Statement of Condition:

It was noted during the review that the organization does not perform a yearly inventory of fixed assets as required by Section 12-6-10 NMSA 1978.

Criteria:

Good internal controls require that management perform a yearly inventory to verify the assets are still useful

Effect:

Assets may disappear without management being aware of them or they may become obsolete.

Cause:

Management was not aware of the requirement

Recommendation:

Management should perform a yearly inventory and certify its results

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, 2011**

Item 2011-02 Budget

Statement of Condition:

The budget was approved at the beginning of the year and was not adjusted through out the year to reflect changes in revenues and expenditures. The budget was submitted to DFA, however they have not had any response back from DFA.

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 \$14,779 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 forward.

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

Item 2011-03 Late Report

Statement of Condition:

The original contract to perform the agreed upon procedures was not signed until after the due date of the report.

Criteria:

The State Auditor requires the report to be filed by May 31st, 2012.

Effect:

The report was filed late.

Cause:

Contract was not signed in a timely manner

Recommendation:

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

Management Response:

Concur

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION
SCHEDULE OF SUMMARY OF PRIOR YEAR FINDINGS
DECEMBER 31, 2011**

Item 2010-01 Lack of Review of Documentation

Closed not repeated in current year

Item 2010-02 Budget

Repeated in current year

Item 2010-03 Late Report

Repeated in current year

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
DECEMBER 31, 2011**

Exit Conference:

The exit conferences were held on November 16, 2012 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.