

SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS  
ASSOCIATION

AGREED-UPON PROCEDURES

DECEMBER 31, 2015

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
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DECEMBER 31, 2015**

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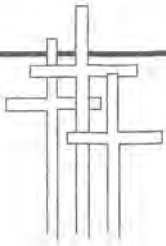
**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
OFFICIAL ROSTER  
DECEMBER 31, 2015**

JAIME VILLASENOR - PRESIDENT

OSCAR ALVIDREZ - VICE-PRESIDENT

ISELA A. WENDLER - SECRETARY/TREASURER

BILL KING - DIRECTOR



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and New Mexico State Auditor  
Tim Keller  
San Pablo Domestic Water Consumers Association  
San Pablo, New Mexico

We have performed the procedures shown in Exhibit A, attached to this report. The procedures were agreed to by San Pablo 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 San Pablo Mutual Domestic Water Consumers Association as of December 31, 2015. 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. The accompanying Exhibit D – Statement of Budget vs. Actual (approved by DFA-LGD); Exhibit E – Statement of Assets, Liabilities, and Net Assets and Schedule of Revenues and Expenses – Modified Cash Basis for the year ended December 31, 2015 were not audited by us, and accordingly, we do not express 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 San Pablo 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  
Las Cruces, New Mexico  
March 15, 2016

**SAN PABLO 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**

<b>1)</b>	<b>CASH</b>																		
	<b>a)</b>	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.																	
		<b>Procedure:</b>																	
		Obtained copies of all bank reconciliations and bank statements for the year.																	
		Verified that the banks were reconciled each month, reviewed the bank reconciliations.																	
		<b>Finding:</b>																	
		We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. The following are the Association's bank accounts and related reconciled cash balance at December 31, 2015: Citizens Bank - Operating - \$59,060.46; Edward Jones - Investments \$73,599.68. All bank reconciliations are performed on a timely basis and all were complete and on-hand.																	
	<b>b)</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																	
		<b>Procedure:</b>																	
		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. Noted Mesilla Valley Accounting provides monthly financials to DFA upon request.																	
		Noted year end financials provided to DFA.																	
		<b>Finding:</b>																	
		All bank reconciliations tested revealed no exceptions.																	
	<b>c)</b>	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																	
		<b>Procedure:</b>																	
		The bank statements for the entire fiscal year ending December 31, 2015 were reviewed for balances.																	
		<b>Finding:</b>																	
		Bank account balances did not exceed the uninsured limits during the year ended December 31, 2015 and, therefore, pledged collateral was not required for any bank account.																	
<b>2)</b>	<b>CAPITAL ASSETS</b>																		
		The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978																	
		<b>Procedure:</b>																	
		Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting																	
		Noted additions to assets each year. Noted inventory was performed and certified by Board Member.																	
		<b>Finding:</b>																	
		Yearly inventory was performed and certified. No discrepancies noted.																	
<b>3)</b>	<b>REVENUE</b>																		
		The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation																	
	<b>a)</b>	Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. For purposes of performing analytical procedures, we inquired of the Association's management for explanation of all variances of budget to actual of more than 5%.																	

**SAN PABLO 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**

3)	<b>REVENUE (continued)</b>					
	The Contractor shall test based on auditor judgment the total amount of revenues for the following attributes:					
	Select a sample of revenues based on auditor judgment (for purpose of procedures in 3(b) and 3(c), we selected a haphazard sample of recorded revenue transactions to achieve a minimum of 50% coverage) 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.				
	<b>Results of Procedures:</b>					
	a)	Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue showed an under budget of total revenues at the end of the year as a result of lower water usage and but higher reconnections.				
		<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>	<b>Percentage</b>	
		<b>Amount</b>	<b>Amount</b>			
	Water Sales	\$ 72,000	\$ 68,692	\$ (3,308)		-5%
	Wastewater sales	\$ 101,000	\$ 100,354	\$ (646)		-1%
	Idle status	\$ 1,000	\$ 660	\$ (340)		-100%
	Late fees	\$ 5,000	\$ 4,680	\$ (320)		-6%
	Reconnection fees	\$ 2,000	\$ 4,335	\$ 2,335		100%
	Returned Check fees	\$ -	\$ 35	\$ 35		100%
	Service call	\$ -	\$ 132	\$ 132		100%
	Tampering fees	\$ -	\$ 250	\$ 250		100%
	Transfers fees	\$ -	\$ 1,500	\$ 1,500		100%
	Interest income	\$ -	\$ 73	\$ 73		100%
	Grant revenue	\$ -	\$ 12,500	\$ 12,500		100%
	Unclaimed Deposits	\$ -	\$ 81	\$ 81		100%
	Unrealized Change	\$ -	\$ (14)	\$ (14)		100%

The following items were selected for procedures 3(b)-3(c):

Receipts Date	Payer	Description	Amount
2/9/2015	Client fees	Water & Wastewater Usage Fees	\$ 5,124.89
2/11/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,905.53
2/18/2015	Client fees	Water & Wastewater Usage Fees	\$ 2,431.04
2/24/2015	Client fees	Water & Wastewater Usage Fees	\$ 3,539.94
4/6/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,443.32
4/15/2015	Client fees	Water & Wastewater Usage Fees	\$ 2,770.33
4/21/2015	Client fees	Water & Wastewater Usage Fees	\$ 2,709.39
4/27/2015	Client fees	Water & Wastewater Usage Fees	\$ 4,819.95
6/4/2015	Client fees	Water & Wastewater Usage Fees	\$ 5,417.30
6/10/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,963.16
6/17/2015	Client fees	Water & Wastewater Usage Fees	\$ 2,545.29
6/24/2015	Client fees	Water & Wastewater Usage Fees	\$ 4,295.14
6/30/2015	Client fees	Water & Wastewater Usage Fees	\$ 3,066.62
8/4/2015	Client fees	Water & Wastewater Usage Fees	\$ 3,065.12
8/12/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,173.05
8/19/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,543.61
8/26/2015	Client fees	Water & Wastewater Usage Fees	\$ 5,966.80
8/31/2015	Client fees	Water & Wastewater Usage Fees	\$ 3,981.29
10/6/2015	Client fees	Water & Wastewater Usage Fees	\$ 4,281.51
10/14/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,760.52
10/21/2015	Client fees	Water & Wastewater Usage Fees	\$ 2,886.79
10/28/2015	Client fees	Water & Wastewater Usage Fees	\$ 5,658.38
12/4/2015	Client fees	Water & Wastewater Usage Fees	\$ 6,172.73
12/9/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,287.65
12/16/2015	Client fees	Water & Wastewater Usage Fees	\$ 1,203.23
12/23/2015	Client fees	Water & Wastewater Usage Fees	\$ 3,923.03
12/30/2015	Client fees	Water & Wastewater Usage Fees	\$ 4,793.52



**SAN PABLO 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**

3)	<b>REVENUE (continued)</b>								
	<b>Finding:</b>								
	b)	Amounts recorded in the general ledger agreed with supporting documentation and the bank statements.							
	c)	Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.							

4) **EXPENDITURES**

The Contractor shall 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. (For purposes of performing these procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.)
- 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.

The following cash disbursements were selected and the procedures described in 4(a) - 4(c) above were performed:

	<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Description</b>	<b>Check Amount</b>
	1/1/2015	ACH	Edward Jones	Transfer to Investments	\$ 1,000.00
	1/13/2015	3106	City of Las Cruces	Operations and Maintenance	\$ 2,489.07
	1/13/2015	3109	New Mexico 811	Dues	\$ 169.74
	1/13/2015	3112	Rio Grande Pump & Supply	Operations and Maintenance	\$ 734.67
	2/10/2015	3113	Viviana Lira Castro	Refund	\$ 5.59
	2/10/2015	3115	CenturyLink	Telephone	\$ 60.00
	2/10/2015	3118	Jornada Water	Operations and Maintenance	\$ 1,636.88
	2/10/2015	3121	Pure Operations, LLC	Operations and Maintenance	\$ 2,831.97
	3/10/2015	3126	BluWater Specialities, Inc,	Operations and Maintenance	\$ 1,345.64
	3/10/2015	3123	Jornada Water	Operations and Maintenance	\$ 1,318.57
	3/10/2015	3128	Pure Operations, LLC	Operations and Maintenance	\$ 1,602.87
	4/14/2015	3131	City of Las Cruces	Operations and Maintenance	\$ 2,123.85
	4/14/2015	3134	Pure Operations, LLC	Operations and Maintenance	\$ 1,767.58
	4/14/2015	ACH	NM Secretary of State	Corporate report	\$ 10.00
	5/12/2015	3137	Merced Pinales	Refund	\$ 46.51
	5/12/2015	3139	Jornada Water	Operations and Maintenance	\$ 1,955.17
	5/12/2015	3141	Pat Campbell Insurance, Inc.	Insurance	\$ 4,340.00
	5/12/2015	3144	Bilfinger Airvac Water Tech	Operations and Maintenance	\$ 482.11
	6/9/2015	3147	BluWater Specialities, Inc,	Operations and Maintenance	\$ 4,425.67
	6/9/2015	ACH	El Paso Electric	Utility	\$ 22.38
	6/9/2015	3151	Pure Operations, LLC	Operations and Maintenance	\$ 1,962.55
	6/9/2015	3152	Smith Engineering, LLC	Engineering fees	\$ 16,127.82
	7/14/2015	3153	BluWater Specialities, Inc,	Operations and Maintenance	\$ 1,797.33
	7/14/2015	3155	Clifford, Ross & Cooper, LLC	Accounting services	\$ 2,437.03
	7/14/2015	3159	Pure Operations, LLC	Operations and Maintenance	\$ 1,974.00
	8/11/2015	3161	BluWater Specialities, Inc,	Operations and Maintenance	\$ 1,737.89
	8/11/2015	3165	Mesilla Valley Accounting, PC	Accounting services	\$ 2,687.45
	9/8/2015	3169	JoAnn Johnson	reimbursement	\$ 34.63
	9/8/2015	3175	Pure Operations, LLC	Operations and Maintenance	\$ 2,683.53
	10/13/2015	3180	BluWater Specialities, Inc,	Operations and Maintenance	\$ 2,330.89
	10/13/2015	3183	Mesilla Valley Accounting, PC	Accounting services	\$ 2,526.48

**SAN PABLO 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**

<b>4) EXPENDITURES (continued)</b>						
	<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Description</b>		<b>Check Amount</b>
	10/13/2015	3184	Pure Operations, LLC	Operations and Maintenance		\$ 2,348.51
	10/13/2015	ACH	El Paso Electric	Utility		\$ 585.18
	11/10/2015	3190	Jornada Water	Operations and Maintenance		\$ 2,000.25
	11/10/2015	3192	Mesilla Valley Accounting, PC	Accounting services		\$ 2,893.98
	11/10/2015	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 723.90
	12/8/2015	3194	BluWater Specialities, Inc.	Operations and Maintenance		\$ 2,330.89
	12/8/2015	ACH	El Paso Electric	Operations and Maintenance		\$ 422.80
	12/8/2015	3200	Sierra Irrigation, Inc.	Operations and Maintenance		\$ 39.25
	12/8/2015	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 700.59

**Results of Procedures 4(a) - 4(c):**

- a)** Tested 40 out of 142 total population of cash disbursements from the operating account. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee, date and description agreed with the vendor's invoice, purchase invoice, purchase order, contract and cancelled check, as appropriate.
- b)** Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements.
- c)** The bid process (or request for proposal process, if applicable), purchase order, 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).

**Finding:**

No discrepancies were noted.

<b>5) JOURNAL ENTRIES</b>						
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:						
<b>a)</b>	Journal entries appear reasonable and have supporting documentation. (A journal entry is considered reasonable if: the explanation is consistent with the nature of the adjustment and the general ledger accounts affected and supporting documentation agrees with the journal entry details.)					
<b>b)</b>	The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed					

The following journal entries were selected and the procedures described 5(a) - 5(b) above were performed:

<b>Date</b>	<b>Description</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>
2/28/2015	Bioxide Chemical H2S Treatment	Chemicals	\$ 654.52	
	Bioxide Chemical H2S Treatment	Prepaid expenses		\$ 654.42
4/30/2015	Record depreciation	Depreciation expense	\$11,138.45	
	Record depreciation	Accumulated depreciation		\$ 11,138.45
6/30/2015	Monthly Sales	Water & Wastewater	\$15,933.14	
	Monthly Sales	Water Sales		\$ 6,251.83
	Monthly Sales	Wastewater Sales		\$ 8,296.05
	Monthly Sales	Reconnection fees		\$ 255.00
	Monthly Sales	Late Fees		\$ 402.87
	Monthly Sales	Sales Tax payable		\$ 727.39



**SAN PABLO 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**

<b>5)</b>	<b>JOURNAL ENTRIES (continued)</b>				
	<b>Date</b>	<b>Description</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>
	8/1/2015	PER (Prepared by Smith Engineering)	Engineering costs	\$ 51,127.82	
		PER (Prepared by Smith Engineering)	PER		\$ 51,127.82
	10/1/2015	Reverse GJE-Deposits in transits	Undeposited funds		\$ 6,180.70
		Reverse GJE-Deposits in transits	Water & Wastewater	\$ 6,180.70	
	12/31/2015	Deposits in transit	Undeposited Funds	\$ 4,250.96	
		Deposits in transit	Water & Wastewater		\$ 4,250.96
	<b>Results of Procedures 4(a) - 4(c):</b>				
	a)	Journal entries appear reasonable and have supporting documentation.			
	b)	The Association has a review process for journal entries and the journal entries tested have evidence of review.			
	<b>Finding:</b>				
	No discrepancies noted.				
<b>6)</b>	<b>BUDGET</b>				
	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.			
	<b>Results of Procedures 4(a) - 4(c):</b>				
	a)	Obtained copy of overall budget for the local public body. Obtained Minutes of the Board and reviewed for approval of budget and budget adjustments. Noted the overall budget was approved by the Board.			
	b)	Total actual expenditures did not exceed the final budget approved for the Association Budget was sent to DFA, noted approval letter from DFA			
	c)	A schedule of revenues and expenses - budget and actual was prepared from the Association record on the cash budgetary basis.			
	<b>Finding:</b>				
	No discrepancies noted.				
<b>7)</b>	<b>CAPITAL OUTLAY APPROPRIATIONS</b>				
	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 and meet budget, legal requirements and established policies and procedures.			
	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).			

**SAN PABLO 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**

<b>7)</b>	<b>CAPITAL OUTLAY APPROPRIATIONS (continued)</b>
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.
	<b>Results of Procedures 7(a) - 7(i):</b>
	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. Only one project this year, a Preliminary Engineering Report
	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.
	<b>Findings:</b>
	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 prior year.
	Reviewed final reports on projects completed.
	No discrepancies were noted.
	<b>OTHER</b>
	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.
	<b>Finding:</b>
	No indication of any fraud, illegal acts, noncompliance, or any internal control deficiencies were noted during the agreed-upon procedures test work.

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**EXHIBIT B - SCHEDULE OF CAPITAL OUTLAY PROJECTS**  
**DECEMBER 31, 2015**

	Award Amount	Prior Years Expenditures	Current Year Expenditures	Total Received	Remaining Balance
<b><u>For the Year Ended 2015</u></b>					
New Mexico Finance Authority Grant 2938-PG Settlement date 09/18/2015 Expiration date: until all funds are used	\$ 12,500	\$ -	\$ 12,500	\$ 12,500	\$ -

Unaudited

**STATE OF NEW MEXICO**  
**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**EXHIBIT C**  
**BUDGET AND ACTUAL - Modified Cash Basis**

**Statement of Revenues and Expenditures**  
**Budget and Actual**  
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
<b>REVENUES</b>				
Water sales	\$ 72,000	\$ 72,000	\$ 68,692	\$ (3,308)
Wastewater sales	101,000	101,000	100,354	(646)
Idle status	1,000	1,000	660	(340)
Late fees	5,000	5,000	4,980	(20)
Reconnection fees	2,000	2,000	4,335	2,335
Returned check fees	-	-	35	35
Service calls	-	-	132	132
Tampering fees	-	-	250	250
Transfer fees	-	-	1,500	1,500
Total revenues	<u>181,000</u>	<u>181,000</u>	<u>180,938</u>	<u>(62)</u>
<b>EXPENDITURES</b>				
Purchased water/waste water services	60,000	60,000	52,109	7,891
Bad debt expense	500	500	1,824	(1,324)
Bank service charges	-	-	6	(6)
Chemicals	6,000	6,000	7,853	(1,853)
Depreciation expense	137,000	137,000	135,792	1,208
Dues and subscriptions	500	500	350	150
Equipment (Non-Asset)	1,000	1,000	856	144
Equipment rentals	1,000	1,000	81	919
General supplies	1,000	1,000	890	110
Insurance	5,000	5,000	4,594	406
Licenses and permits	20	20	10	10
System maintenance contractors	51,250	51,250	46,445	4,805
Office expense	250	250	161	89
Printing and production	500	500	-	500
Professional fees	30,000	30,000	30,738	(738)
Property taxes	350	350	316	34
System repairs and maintenance	10,250	10,250	9,444	806
Telephone	600	600	404	196
Tools	500	500	1,411	(911)
Training	1,000	1,000	-	1,000
Utilities	9,000	9,000	7,084	1,916
Water testing	-	-	15	(15)
Total expenditures	<u>315,720</u>	<u>315,720</u>	<u>300,383</u>	<u>15,337</u>
Excess (deficiency) of revenues over expenditures	<u>(134,720)</u>	<u>(134,720)</u>	<u>(119,445)</u>	<u>15,275</u>
<b>NONOPERATING REVENUES AND EXPENDITURES</b>				
Interest	-	-	73	73
Grant revenues	-	-	12,500	12,500
Bond premium	-	-	81	81
Unrealized loss (gain) on investment	-	-	(14)	(14)
Total nonoperating revenues & expenditures	<u>-</u>	<u>-</u>	<u>12,640</u>	<u>12,640</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	<u>(134,720)</u>	<u>(134,720)</u>	<u>\$ (106,805)</u>	<u>\$ 27,915</u>
Budgeted cash carryover	<u>134,720</u>	<u>134,720</u>		
	<u>\$ -</u>	<u>\$ -</u>		

EXHIBIT D

**San Pablo MDWCA  
Profit & Loss Budget vs. Actual  
January through December 2015**

*Target  
100%*

	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Operating Revenues</b>				
Water Sales	68,691.77	72,000.00	-3,308.23	95.4%
Wastewater Sales	100,353.67	101,000.00	-646.33	99.4%
Idle Status	660.00	1,000.00	-340.00	66.0%
Late Fees	4,980.20	5,000.00	-19.80	99.6%
Reconnection Fees	4,335.00	2,000.00	2,335.00	216.8%
Returned Check Fees	35.00			
Service Calls	131.51			
Tampering Fee	250.00			
Transfer Fees	1,500.00			
<b>Total Operating Revenues</b>	<b>180,937.15</b>	<b>181,000.00</b>	<b>-62.85</b>	<b>100.0%</b>
<b>Total Income</b>	<b>180,937.15</b>	<b>181,000.00</b>	<b>-62.85</b>	<b>100.0%</b> ✓
<b>Cost of Goods Sold</b>				
Purchased Water	22,477.27	25,000.00	-2,522.73	89.9%
Waste Water Service	29,631.71	35,000.00	-5,368.29	84.7%
<b>Total COGS</b>	<b>52,108.98</b>	<b>60,000.00</b>	<b>-7,891.02</b>	<b>86.8%</b> ✓
<b>Gross Profit</b>	<b>128,828.17</b>	<b>121,000.00</b>	<b>7,828.17</b>	<b>106.5%</b> ✓
<b>Expense</b>				
<b>Operating Expenses</b>				
Bad Debt Expense	1,824.28	500.00	1,324.28	364.9%
Bank Service Charges	6.00			
Chemicals	7,853.36	6,000.00	1,853.36	130.9%
Depreciation Expense	135,791.75	137,000.00	-1,208.25	99.1%
Dues and Subscriptions	349.74	500.00	-150.26	69.9%
Equipment (Non-Asset < \$5,000)	855.67	1,000.00	-144.33	85.6%
Equipment Rentals	81.23	1,000.00	-918.77	8.1%
General Supplies	890.38	1,000.00	-109.62	89.0%
Insurance	4,594.48	5,000.00	-405.52	91.9%
Licenses and Permits	10.00	20.00	-10.00	50.0%
<b>System Maintenance Contractors</b>				
Water System	20,784.71	20,500.00	284.71	101.4%
Wastewater System	25,660.43	30,750.00	-5,089.57	83.4%
<b>Total System Maintenance Contract...</b>	<b>-46,445.14</b>	<b>51,250.00</b>	<b>-4,804.86</b>	<b>90.6%</b>
<b>Office Expense</b>	<b>160.63</b>	<b>250.00</b>	<b>-89.37</b>	<b>64.3%</b>
<b>Other Taxes</b>	<b>0.04</b>			
<b>Printing and Reproduction</b>	<b>0.00</b>	<b>500.00</b>	<b>-500.00</b>	<b>0.0%</b>
<b>Professional Services</b>				
Accounting/Administrative Fees	26,300.58	27,575.00	725.58	102.6%
Tier Reporting/Audit	2,437.03	2,425.00	12.03	100.5%
<b>Total Professional Services</b>	<b>30,737.61</b>	<b>30,000.00</b>	<b>737.61</b>	<b>102.5%</b>
<b>Property Taxes</b>	<b>315.77</b>	<b>350.00</b>	<b>-34.23</b>	<b>90.2%</b>
<b>System Repairs &amp; Maintenance</b>	<b>9,444.25</b>	<b>10,250.00</b>	<b>-805.75</b>	<b>92.1%</b>
<b>Telephone</b>	<b>404.47</b>	<b>600.00</b>	<b>-195.53</b>	<b>67.4%</b>
<b>Tools (non-asset &lt; \$5,000)</b>	<b>1,411.49</b>	<b>500.00</b>	<b>911.49</b>	<b>282.3%</b>
<b>Training</b>	<b>0.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>0.0%</b>
<b>Utilities</b>	<b>7,083.66</b>	<b>9,000.00</b>	<b>-1,916.34</b>	<b>78.7%</b>
<b>Water Testing</b>	<b>15.54</b>			
<b>Total Operating Expenses</b>	<b>248,275.49</b>	<b>255,720.00</b>	<b>-7,444.51</b>	<b>97.1%</b> ✓
<b>Total Expense</b>	<b>248,275.49</b>	<b>255,720.00</b>	<b>-7,444.51</b>	<b>97.1%</b>
<b>Net Ordinary Income</b>	<b>-119,447.32</b>	<b>-134,720.00</b>	<b>15,272.68</b>	<b>88.7%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
<b>Nonoperating Revenues</b>				
Interest Income	72.64			
Grant Revenue	12,500.00			
Unclaimed Deposits	80.59			
Unrealized Change in Value	-13.96			
<b>Total Nonoperating Revenues</b>	<b>12,639.27</b>			
<b>Total Other Income</b>	<b>12,639.27</b>			



EXHIBIT D

San Pablo MDWCA  
Profit & Loss Budget vs. Actual  
January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
Net Other Income	12,839.27			
Net Income	-108,808.05	-134,720.00	27,911.95	79.3%

Reviewed and Approved:

  
Signature

  
Date

EXHIBIT E

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

	Dec 31, 15
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citizens Bank - Water Account	59,060.46
Edward Jones	73,599.68
Total Checking/Savings	132,660.14
Accounts Receivable	
Water & Wastewater Customers	4,471.88
Total Accounts Receivable	4,471.88
Other Current Assets	
Construction in Process- Building	30,868.55
Total Construction in Process	30,868.55
Prepaid Expenses	4,316.76
Prepaid Insurance	1,833.57
Undeposited Funds	4,250.96
Total Other Current Assets	41,269.84
Total Current Assets	178,401.86
Fixed Assets	
Computer Equipment	1,122.26
Engineering Costs (2015 PER)	51,127.82
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
Wastewater Forcemain Extension	62,672.04
Accumulated Depreciation	-1,562,349.96
Total Fixed Assets	2,131,358.37
Other Assets	
Vacant Land	75,235.91
Total Other Assets	75,235.91
<b>TOTAL ASSETS</b>	<b>2,384,996.14</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Assessed Property Taxes	157.88
Trade Accounts Payable	10,879.61
Total Accounts Payable	11,037.49
Other Current Liabilities	
Customer Deposits	
Allowance - Unrecorded Deposits	
Rental Deposits	240.00
Total Allowance - Unrecorded Deposits	240.00

EXHIBIT E

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

	<u>Dec 31, 15</u>
Renter's Deposits	4,915.13
Member Water Deposits	300.00
Total Customer Deposits	<u>5,455.13</u>
Sales Tax Payable	678.31
Total Other Current Liabilities	<u>6,133.44</u>
Total Current Liabilities	<u>17,170.93</u>
Total Liabilities	17,170.93
Equity	
Board Designated Reserves	
Capital Reserves	
Water System	8,750.00
Waste Water System	31,250.00
Total Capital Reserves	<u>40,000.00</u>
Emergency Reserve	2,400.00
Operating Reserves	
Water System	5,957.45
Waste Water System	6,000.00
Total Operating Reserves	<u>11,957.45</u>
Total Board Designated Reserves	54,357.45
Unrestricted Fund Balance	
Fixed Assets	2,707,638.58
Total Unrestricted Fund Balance	<u>2,707,638.58</u>
Retained Earnings	-287,362.77
Net Income	-106,808.05
Total Equity	<u>2,367,825.21</u>
TOTAL LIABILITIES & EQUITY	<u>2,384,996.14</u>

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

	Jan - Dec 15
Ordinary Income/Expense	
Income	
Operating Revenues	
Water Sales	68,691.77
Wastewater Sales	100,353.67
Idle Status	660.00
Late Fees	4,980.20
Reconnection Fees	4,335.00
Returned Check Fees	35.00
Service Calls	131.51
Tampering Fee	250.00
Transfer Fees	1,500.00
Total Operating Revenues	180,937.15
Total Income	180,937.15
Cost of Goods Sold	
Purchased Water	22,477.27
Waste Water Service	29,631.71
Total COGS	52,108.98
Gross Profit	128,828.17
Expense	
Operating Expenses	
Bad Debt Expense	1,824.28
Bank Service Charges	6.00
Chemicals	7,853.36
Depreciation Expense	135,791.75
Dues and Subscriptions	349.74
Equipment (Non-Asset < \$5,000)	855.67
Equipment Rentals	81.23
General Supplies	890.38
Insurance	4,594.48
Licenses and Permits	10.00
System Maintenance Contractors	
Water System	20,784.71
Wastewater System	25,660.43
Total System Maintenance Contractors	46,445.14
Office Expense	160.63
Other Taxes	0.04
Professional Services	
Accounting/Administrative Fees	28,300.58
Tier Reporting/Audit	2,437.03
Total Professional Services	30,737.61
Property Taxes	315.77
System Repairs & Maintenance	9,444.25
Telephone	404.47
Tools (non-asset < \$5,000)	1,411.49
Utilities	7,083.66
Water Testing	15.54
Total Operating Expenses	248,275.49

EXHIBIT E

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

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	Jan - Dec 15
Total Expense	<u>248,275.49</u>
Net Ordinary Income	-119,447.32
Other Income/Expense	
Other Income	
Nonoperating Revenues	
Interest Income	72.64
Grant Revenue	12,500.00
Unclaimed Deposits	80.59
Unrealized Change in Value	<u>-13.96</u>
Total Nonoperating Revenues	<u>12,639.27</u>
Total Other Income	<u>12,639.27</u>
Net Other Income	<u>12,639.27</u>
Net Income	<u><u>-106,808.05</u></u>



STATE OF NEW MEXICO  
 SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 EXHIBIT F  
 CAPITAL PROJECTS FUND - NEW MEXICO FINANCE AUTHORITY 2801-CIP

**Statement of Revenues and Expenditures**  
**Budget and Actual**  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
<b>REVENUES</b>				
Grants	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Total revenues	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Total expenditures	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION  
SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

**CURRENT YEAR FINDINGS:**

NONE

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMER ASSOCIATION  
SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS  
DECEMBER 31, 2015**

**PRIOR-YEAR FINDINGS:**

NONE

**SAN PABLO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
DECEMBER 31, 2015**

**Exit Conference:**

The exit conferences were held on May 4, 2016 with the following persons:

Jaime Villasenor, 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.