



KRIEGEL/GRAY/SHAW & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

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STATE OF NEW MEXICO

DESERT AIRE MUTUAL DOMESTIC WATER AND SEWER WORKS ASSOCIATION

AGREED UPON PROCEDURES

JUNE 30, 2014

**STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION**

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JUNE 30, 2014**

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**STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION**

OFFICIAL ROSTER
JUNE 30, 2014

Board of Directors

<u>Name</u>	<u>Title</u>
<i>Daniel Herrera</i>	<i>President</i>
<i>Pamela Aguirre</i>	<i>Vice President</i>
<i>Carolyn Massey</i>	<i>Treasurer</i>
<i>Jeremy De Graaf</i>	<i>Secretary</i>
<i>Tim McAuley</i>	<i>Member at Large</i>

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF CAPITAL OUTLAY AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Award	Received to Date	Expended to Date	Remaining Balance
New Mexico - DFA Local Government Division				
2012 NMFA Planning Grant 2488-PG October 12, 2012 - October 12, 2013	\$50,000	\$48,403	\$48,403	\$1,597
2012 Colonias Infrastructure Grant 2777-CIF April 5, 2013 - April 5, 2033	\$114,367	\$81,844	\$81,844	\$32,523
2012 Colonias Infrastructure Grant 2775-CIF April 5, 2013 - April 5, 2033	\$242,000	\$187,942	\$187,942	\$54,058
2012 Colonias Infrastructure Grant 2969-CIF August 1, 2014 - August 1, 2034	\$236,000	\$0	\$0	\$236,000

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES**

Desert Aire Mutual Domestic Water and Sewer Works Association
and State of New Mexico
Office of the State Auditor

We have performed the procedures enumerated below, which were agreed to by Desert Aire Mutual Domestic Water and Sewer Works Association and the State of New Mexico Office of the State Auditor, solely to assist you with respect to the Tier 5 requirements of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2 16 NMAC as of and for the year ending June 30, 2014. Desert Aire Mutual Domestic Water and Sewer Works 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 results are as follows:

1. **Cash**

Procedure – We reviewed bank reconciliations of Desert Aire Mutual Domestic Water and Sewer Works Association.

Result – Bank reconciliations are being performed in a timely manner and investment statements for the fiscal year are complete and on-hand.

Procedure – We randomly selected twenty bank reconciliations of Desert Aire Mutual Domestic Water and Sewer Works Association to determine if they were accurate and they agreed to the general ledger, supporting documentation, and financial reports submitted to DFA-Local Government Division.

Result – Two of the twenty selected were incorrect as follows: (2014-001)

- Reconciliation for July 31, 2013 Compass Bank #5042 did not agree to the general ledger due to two journal entries shown as reconciling items on the reconciliation dated August 2013 for a total of \$89.91.
- Reconciliation for March 31, 2014 Bank of America #1502 included journal entry dated January 13, 2014 for \$8.60 shown as uncleared item on the bank reconciliation.

Procedure – We reviewed the supporting documentation provided by the financial institutions of Desert Aire Mutual Domestic Water and Sewer Works Association to determine if they have provided the Association with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, where applicable.

Result – All accounts were fully insured, no pledged collateral required.

2. Capital Assets

Procedure – We inquired as to whether the Association was performing a yearly capital asset inventory as required by Section 12-6-10 NMSA 1978.

Result – The Association attempted to complete a capital asset inventory schedule prepared as part of the infrastructure capital improvement plan but did not agree to the federal asset report prepared by the bookkeeper as follows: (2010-002)

- 14 assets (totaling \$130,199) are included on the federal asset report but excluded on the inventory schedule.
- 6 assets included on the inventory schedule without cost basis, were not on the federal asset report.
- Only 4 assets on both documents could be matched.

Recommendation – Obtain the capital asset schedule from the accountant and perform the inventory annually.

3. Revenue

Procedure – We identified the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation. We also performed an analytical review; tested actual revenue compared to budgeted revenue for the year for each type of revenue.

Result – All revenues appeared reasonable based on the analytical performed in comparison to budgeted revenue.

Procedure – We selected all transactions for four judgmentally selected months for the following attributes:

- Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

Result – There were no exceptions noted.

4. **Expenditures**

Procedure – We selected and tested a haphazard sample of 40 cash disbursements for the following attributes:

- Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verified the amount, payee, date and description agree to the vendor's invoice, purchase order, contract, and canceled check, as appropriate.

Result – Ten had no supporting invoice or documentation (total of \$1,989.60). One (of 40 disbursements) did not agree to the supporting documentation, the attached documentation was for meals but the check indicated the reimbursement was for mileage (\$498.23). (2010-001)

Recommendation – Procedures should be documented and implemented that require all supporting documentation to be maintained for every disbursement.

Procedure – Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

Result – There was no approval/authorization process for ten disbursements. (2010-001)

Recommendation – A board member (other than the board member assigned to run the office) should come by the office once a week to approve/authorize the disbursement checks prior to disbursing and supporting documentation should be maintained to clearly show authorization for disbursements.

Procedure – 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).

Result – Two disbursements did not comply with travel and per diem regulations in that mileage was not properly calculated. (2010-001)

Recommendation – A form should be developed and utilized for all travel and per diem disbursements to insure compliance with state regulations.

5. **Journal Entries**

After review of the financial records of Desert Aire Mutual Domestic Water and Sewer Association we determined that there were fifteen non-routine journal entries that were posted to the general ledger.

Procedure – We tested all fifteen for the following attributes:

- Journal entries appear reasonable and have supporting documentation.

Result – The local public body does not have procedures that require journal entries to be reviewed. There is no evidence that reviews are being performed. (2010-003)

Recommendation – Obtain the list of journal entries posted each month from the accountant. Review the journal entries, document the review with initials or a signature and maintain documentation of reviewed journal entries in a systematic manner.

6. **Budget**

Procedure – Through a review of the minutes and correspondence, we verified that the original budget was approved by the Board of Directors and DFA-LGD.

Result – Budget properly approved.

Procedure – Review budget to actual expenditures for compliance with the legal level of budgetary control.

Result – We determined that actual expenditures did not exceed the final budget at the legal level of budgetary control.

Procedure – Prepare a schedule of revenue and expenditures - budget and actual on the budgetary basis.

Result – We have prepared a schedule of revenues and expenditures – budget and actual on the budgetary basis used by Desert Aire Mutual Domestic Water and Sewer Works Association for the general operating fund.

7. **Capital Outlay Appropriations**

After review of the requested grant agreements and reimbursement requests, we tested for the following attributes:

Procedure – Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verified that amount, payee, date and description agree to the vendor’s invoice, purchase order, contract and canceled check, as appropriate.

Result – No exceptions were noted.

Procedure – Determine that the cash disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

Result – No exceptions were noted.

Procedure – 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 13431 NMAC).

Result – No exceptions noted.

Procedure – Determine the physical existence (by observation) of the capital asset based on expenditures to date.

Result – All capital outlay expended was for preliminary engineering reports and plans for future capital assets. Reports and plans reviewed.

Procedure – 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.

Result – No status reports were sent during fiscal year 2014. (2012-002)

Recommendation – All grant documentation including any required reports should be maintained by the District in an organized and readily available manner.

Procedure – If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

Result – Two grants were completed but all grant receipts are after invoicing by contractor therefore no reversions necessary.

Procedure – 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.

Result – Awards from the Colonias Initiative grant are kept in a separate non interest-bearing account. All are in agreement with grant requirements.

Procedure – Determine whether reimbursement requests were properly supported by costs incurred by the recipient.

Result – All costs for reimbursement requests were supported by costs incurred by the recipient.

Procedure – Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Result – The reimbursement requests were requested prior to payment of the vendor by the District as agreed with the grantor.

No other information came to our attention indicating any fraud or illegal acts. We were not engaged to, and did not conduct an audit, the objective of which would be these expression of an opinion on the accounting records or the schedule of revenues, expenditures, and changes in net assets (budgetary basis and actual). 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 Desert Aire Mutual Domestic Water and Sewer Works Association management, others within the association, the Board of Directors, the State Auditor, and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

January 4, 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION

GENERAL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS

BUDGETARY BASIS AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenue Source:				
Meter Hook Ups	\$12,000	\$12,000	\$4,445	(\$7,555)
Water Sales, Tax, & Fees	115,000	115,000	106,765	(8,235)
Reconnection Fees & Fines	1,000	1,000	0	(1,000)
Non-refundable Deposits	800	800	0	(800)
Miscellaneous Income	1,500	1,500	1,264	(236)
Refund Riem.	0	0	0	0
<i>Total operating revenues</i>	<u>130,300</u>	<u>130,300</u>	<u>112,474</u>	<u>(17,826)</u>
Expenditures:				
Accounting Fees	4,000	4,000	4,645	(645)
Audit/Agreed upon Procedures	4,350	4,350	4,302	48
Advertising	500	500	0	500
Auto Expenses	1,250	1,250	558	692
Bank Charges	600	600	1,060	(460)
Board Expenses:				
Cell Phone	0	0	0	0
Lodging	1,000	1,000	0	1,000
Meals & Entertainment	800	800	164	636
Training	2,000	2,000	750	1,250
Travel	500	500	1,396	(896)
Meetings	0	0	0	0
Contract Labor	0	0	0	0
Disposal Coupons	1,500	1,500	757	743
Dues, Fees, & Subscriptions	1,518	1,518	139	1,379
Insurance	5,135	5,135	6,464	(1,329)
Legal Fees	500	500	3,692	(3,192)
Office Expense	5,000	5,000	2,588	2,412
Pest Control	100	100	0	100
Postage	1,700	1,700	1,164	536
Professional Fees	3,000	3,000	2,041	959
Rent - equipment	200	200	214	(14)
Repairs & Maintenance	1,500	1,500	1,329	171
Repairs & Maintenance (Well)	20,000	20,000	31,501	(11,501)
Supplies	2,377	2,377	284	2,093
Taxes - Payroll	2,700	2,700	2,898	(198)
Taxes - Property	1,000	1,000	823	177
Taxes - GRT	5,300	5,300	0	5,300
Taxes - WC-1	30	30	10	20
Taxes - Water Conservation	800	800	393	407

Unaudited

**STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION**

GENERAL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS

BUDGETARY BASIS AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued):				
Utilities:				
Disposal	200	200	154	46
Electricity	2,000	2,000	2,996	(996)
Electricity - Well	15,000	15,000	14,694	306
Internet	710	710	117	593
Telephone - Well	440	440	432	8
Telephone - Office	2,700	2,700	2,817	(117)
Wages	28,000	28,000	25,862	2,138
<i>Total expenditures</i>	116,410	116,410	114,244	2,166
<i>Net revenue over expenditures</i>	13,890	13,890	(1,770)	(15,660)
Non-Operating Revenues (Expense)				
Grant Revenue	50,000	50,000	234,149	184,149
Interest Income	0	0	7	7
Interest Expense	(11,200)	(11,200)	(7,701)	3,499
<i>Total non-operating revenues (expense)</i>	38,800	38,800	226,455	187,655
<i>Net revenue over expenditures and non-operating revenue (expense)</i>	52,690	52,690	224,685	171,995
Other Financing Sources (Uses):				
Less Debt Principal Payments (USDA)	(2,690)	(2,690)	(1,696)	994
Less Debt Principal Payments (RC)	(50,000)	(50,000)	0	50,000
<i>Net revenue over expenditures and other financing sources (uses)</i>	\$0	\$0	\$222,989	\$222,989

Unaudited

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

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

FY2014 FY2014
 Quarter Ending: 30-Jun-14
 Prepared by: ARACELY GUTIERREZ

x Aracely Gutierrez

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

Fund #	FUND	CASH BALANCE	INVESTMENTS	REVENUES	NET	EXPENDITURES	BOOK	ADD:	LESS:	ADJUSTMENTS	ADJUSTED	BALANCE	DIFFERENCE
		PER BOOKS July 1, 2013											
1031,1039,1050	GENERAL	1,012.00		186,004.66	14,959.57	176,691.26	25,284.97	30,295.31	2,511.41		53,068.87	53,068.87	-
1034,1040	DEBT RESERVE (Rural)	973.58		0.20	(958.78)	15.00	-				-	-	-
1038,1041,1049	COLONIAS INITIATIVE	206.39		199,111.94	(106.39)	199,205.77	6.17				6.17	6.17	(0.00)
1037,1042	CONST/ O & M General (New Services)	13,048.55		7,286.89	(4,666.06)	15,109.19	560.19	-	31.00		529.19	529.19	(0.00)
1035, 1043	EMERGENCY RESERVE	4,982.00		-	(4,982.00)	-	-				-	-	-
1036,1044	OPER & MAINT RESERVES	18,751.00		-	(18,751.00)	-	-				-	-	-
1032,1045	CAPITAL IMPR/short lived	12,904.65		4.69	(12,878.89)	30.45	0.00				0.00	-	0.00
1046	DEBT RESERVE (USDA 04)	-		-	-	-	-				-	-	-
1047	DEBT RESERVE (USDA 06)	-		-	112.00	112.00	-				-	-	-
1048	USDA	-		-	-	-	-				-	-	-
1051	RESERVES	-		57.05	27,271.55	27,328.60	27,328.60				27,328.60	27,328.60	-
	GRAND TOTAL	\$ 51,878.17	\$ -	\$ 392,465.43	\$ -	\$ 391,163.67	\$ 53,179.93	\$ 30,295.31	\$ 2,542.41	\$ -	\$ 80,932.83	\$ 80,932.83	\$ (0.00)

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2014-001 Bank Reconciliations Not Proper

Statement of Condition – Two of twenty bank reconciliations were incorrect as follows:

- Reconciliations for July 31, 2013 (Compass Bank) #5042 and August 3, 2014 (Bank of America) #1502 did not agree to the general ledger by \$89.91 and \$8.60 respectively.

Criteria – Good internal require bank accounts to be reconciled to the general ledger on a regular basis.

Cause – Journal entries were not cleared on the bank reconciliation and therefore shown as uncleared transactions and reconciling items.

Effect – Bank accounts not clearly reconciled and therefore general ledger balances may not be correct.

Recommendation – The bank reconciliations should clearly agree to the general ledger and be reviewed by Association personnel to insure correctness.

Management's Response – All bank reconciliations shall be reviewed to insure correctness and accuracy.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: February 1, 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2013-001 Budget Compliance

Resolved and not repeated.

2012-002 Grant Status Reports Not Available/Provided

Repeated with modifications.

Statement of Condition – Association was unable to provide grant status reports:

- NMFA Planning Grant
 - Association was unable to provide any status reports during fiscal year 2014.

Criteria – Article III of the NMFA Planning Grant No. 2488-PG, Section 2.1, Item (O) requires that progress reports must be submitted semi-annually.

Cause – Lack of continuity in management/oversight and lack of response to certified public accountant.

Effect – May not be in compliance with grant reporting requirements and therefore, may jeopardize future grant funding.

Recommendation – When management/Board member oversight changes documentation, communication, and training should be available to continue all business activities in a seamless manner.

Management's Response – Grant status reports shall be completed in a timely manner to ensure compliance with grant requirements and continuity in business activities.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: February 1, 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2010-001 Disbursement Policy and Procedures Inadequate

Repeated with modifications.

Statement of Condition – We selected a sample of 40 disbursements and noted the following:

- There was no approval/authorization process for ten disbursements totaling \$1,517.62. Disbursements had no review/approval prior to disbursement.
- Ten disbursements (totaling \$1,989.60) had no supporting invoice or documentation.
- Two disbursements (totaling \$541.68) did not comply with travel and per diem regulations.

Criteria – Good internal controls require effective policies and procedures to be in place and the maintenance of supporting documentation for each transaction.

Cause – The Association had several changes in personnel as well as changes to their Board of Directors.

Effect – Increased opportunity for theft or errors.

Recommendation – A board member (other than the board member assigned to run the office) should come by the office once a week to approve/authorize and sign the disbursement checks prior to disbursing. All support documentation should be maintained for each transaction.

Management's Response – Board members will review and sign purchase orders and disbursement checks prior to disbursement.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: February 1, 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2010-002 Failure to Perform Yearly Inventory of Capital Assets

Repeated.

Statement of Condition – The Association attempted to complete a capital asset inventory schedule prepared as part of the infrastructure capital improvement plan but did not agree to the federal asset report prepared by the bookkeeper as follows:

- 14 assets (totaling \$130,199) are included on the federal asset report but excluded on the inventory schedule.
- 6 assets included on the inventory schedule without cost basis, were not on the federal asset report.
- Only 4 assets on both documents could be matched.

Criteria – Section 12-6-10 NMSA 1978 requires a local body to conduct an annual physical inventory of all its capital assets.

Cause – The Association contracts with an external CPA who maintains and updates the Association’s capital assets records. The Association has had several changes in personnel who are unaware of the annual inventory requirement.

Effect – Non compliance with Section 12-6-10 NMSA 1978.

Recommendation – Obtain the capital asset schedule from the external accountant and perform inventory observation annually.

Management’s Response – Inventory observation will be performed annually based off the capital asset schedule.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: May/June 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2010-003 Journal Entries Not Being Reviewed

Repeated.

Statement of Condition – Journal entries are not being reviewed.

Criteria – Good internal controls require that journal entries are reviewed monthly to minimize the opportunity for fraud or errors to occur.

Cause – Lack of review and oversight over external accounting.

Effect – Increased opportunity for fraud or errors.

Recommendation – Obtain the list of journal entries posted each month from the accountant. Review the journal entries and document the review with initials or a signature and maintain documentation of reviewed journal entries in a systematic manner.

Management's Response – Journal entries will be reviewed and initials will be written on reviewed entries.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: February 1, 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2010-004 Reports Not Submitted Timely to New Mexico State Auditor's Office

Repeated.

Statement of Condition – The report for the Agreed Upon Procedures engagement was not submitted to the State Auditor's office by the December 15, 2015 due date (late contract date).

Criteria – Agreed Upon Procedures engagements are due to the State Auditor's Office by December 15, 2014 for June 30, 2014 fiscal year ends per 2.2.2.16 NMAC.

Cause – The contract was not prepared or approved until June 2015 and subsequently, Kriegel/Gray/Shaw & Co., P.C. had difficulty in getting information to complete the AUP from Association personnel.

Effect – Non compliance with engagement due date requirements.

Recommendation – The Association should contract on a timely basis for all services necessary under the New Mexico State Auditor Rule.

Management's Response – All services involving the AUP will be submitted in a timely manner.

Position responsible for implementation: Office Manager (Anthony Water & Sanitation District)
Contracted Management

Date of Implementation: May 2017

STATE OF NEW MEXICO
DESERT AIRE MUTUAL DOMESTIC WATER AND
SEWER WORKS ASSOCIATION
EXIT CONFERENCE
JUNE 30, 2014

EXIT CONFERENCE:

The exit conference was held January 13, 2017 and was attended by the following:

From Desert Aire Mutual Domestic Water and Sewer Works Association:

Jose Terrones, Superintendent (Anthony Water)
Pamela Aguirre, Vice President Board of Directors
Victor Chavarria, Office Manager (Anthony Water)

From Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder
Becca Pott, Staff Accountant

FINANCIAL STATEMENT PREPARATION

The financial statements of Desert Aire Mutual Domestic Water and Sewer Works Association were prepared from original books and records provided by and with assistance from the management of the Association and Kriegel/Gray/Shaw & Co., P.C. as of and for the year ended June 30, 2014.