



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

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**STATE OF NEW MEXICO**

**DESERT AIRE MUTUAL DOMESTIC  
WATER AND SEWER WORKS  
ASSOCIATION**

**AGREED UPON PROCEDURES**

**JUNE 30, 2012**

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

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JUNE 30, 2012**

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

OFFICIAL ROSTER  
JUNE 30, 2012

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>Evangelina Moreno</i>	<i>President</i>
<i>Martha Acosta</i>	<i>Vice President</i>
<i>William Miranda</i>	<i>Secretary</i>
<i>Daniel Herrera</i>	<i>Treasurer</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, 2012**

	Award	Received to Date	Expended to Date	Remaining Balance
<b>New Mexico - DFA Local Government Division</b>				
2010 Colonias Initiative				
10-1283 Capital Appropriation				
Effective Dates:				
February 2, 2011 - June 30, 2012	\$65,000	\$0	\$5,923	\$59,077
 2010 CDBG Planning Grant				
10-C-NR-I-06-A-104				
November 10, 2010 - November 10, 2011	\$50,000	\$44,000	\$44,000	\$6,000



**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 accounting records of Desert Aire Mutual Domestic Water and Sewer Works Association as of June 30, 2012. 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

- We reviewed 100% of the bank reconciliations of Desert Aire Mutual Domestic Water and Sewer Works Association and determined that all bank reconciliations are being performed in a timely manner and that all bank and investment statements for the fiscal year are complete and on-hand.
- We randomly selected seven bank reconciliations of Desert Aire Mutual Domestic Water and Sewer Works Association to determine that they were accurate and that they agreed to the general ledger, supporting documentation, and financial reports presented to the Board of Directors.
- We reviewed the supporting documentation provided by the financial institutions of Desert Aire Mutual Domestic Water and Sewer Works Association and determined that 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. All accounts were fully insured, no pledged collateral required.

2. Capital Assets. We could not review the annual inventory of Desert Aire Mutual Domestic Water and Sewer Works Association. There was no yearly inventory performed as required by Section 12-6-10 NMSU 1978.

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

3. Revenue. We identified the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.
  - We performed an analytical review; tested actual revenue compared to budgeted revenue for the year for each type of revenue. All revenues appeared reasonable based on the analytical performed in comparison to budgeted revenue.

We selected all transactions for 6 judgmentally selected months for the following attributes:

- Amount recorded in the general ledger agrees to the supporting documentation and the bank statement. There was (1) exception noted. The daily receipts report and deposit was less than the amount posted to revenue by \$15. Upon further review, this appears to be an isolated incident and not indicative of a systemic issue or a significant deficiency.
4. Expenditures. We selected a sample of cash disbursements and tested 58 transactions for the following attributes:
    - 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. 3 (of 58 disbursements) had no supporting invoice or documentation.

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

- Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. 52 exceptions noted.

There was no approval/authorization process for disbursements. The board president writes the checks and signs the checks. All disbursements (after they have been disbursed) are presented to the board during the monthly meeting. Also there is no policy or procedures governing the use of the debit card. Per the board president the debit card will no longer be used after it expires (3/2012).

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.

- 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). No exceptions noted.

5. Journal Entries. After review of the financial records of Desert Aire Mutual Domestic Water and Sewer Association we determined that there were 3 non-routine journal entries that were posted to the general ledger. We tested all three for the following attributes:

- Journal entries appear reasonable and have supporting documentation. No exceptions noted.
- The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed. Exception Noted.

Journal entries are not being reviewed.

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

- Through a review of the minutes and correspondence, we verified that the original budget was approved by the Board of Directors and DFA-LGD.
- We determined that actual expenditures did not exceed the final budget at the legal level of budgetary control.
- 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:

- 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. No exceptions were noted.
- Determine that the cash disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. 17 exceptions noted.

There was no approval/authorization process for disbursements. The board president writes the checks and signs the checks. All disbursements (after they have been disbursed) are presented to the board during the monthly meeting.

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.

- 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). No exceptions noted.
- Determine the physical existence (by observation) of the capital asset based on expenditures to date. No exceptions noted.
- 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.

Status reports were requested from the District but never received.

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

- 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. No exceptions noted.
- If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

No projects were complete during fiscal year 2012.

- 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.

Based on review of the bank statements and general ledger, we determined that the capital outlay awards for the CDBG grant are kept in a separate bank account which is non-interest bearing. Awards from the Colonias Initiative grant are kept in the operating account.

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

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

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

The reimbursement request was requested prior to payment of the vendor by the District.

Recommendation: We recommend the District pay the vendor prior to the request for reimbursement or obtain a written waiver to this requirement from the grantor.



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

April 9, 2013

**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, 2012**

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>				
Meter Hook Ups	\$5,000	\$5,000	\$13,343	\$8,343
Water Sales, Tax, & Fees	119,203	119,203	110,987	(8,216)
Reconnection Fees & Fines	1,950	1,950	335	(1,615)
Miscellaneous Income	0	0	1,483	1,483
Non-Refundable Deposits	0	0	1,442	1,442
<i>Total operating revenues</i>	126,153	126,153	127,590	1,437
<b>OPERATING EXPENSES:</b>				
Accounting Fees	3,100	3,100	3,669	(569)
Advertising	500	500	559	(59)
Audit	10,000	10,000	2,000	8,000
Auto Expenses	620	620	467	153
Bank Charges	540	540	1,393	(853)
Board Expenses-Cell Phone	1,150	1,150	1,381	(231)
Board Expense - Lodging	0	0	493	(493)
Board Expenses-Meals & Entertainment	400	400	943	(543)
Board Expenses-Training	800	800	1,200	(400)
Board Expenses-Travel	2,000	2,000	4,031	(2,031)
Board Expense-Meetings	0	0	82	(82)
Contract Labor	100	100	0	100
Dues, Fees, & Subscriptions	500	500	726	(226)
Insurance - Liability	4,600	4,600	6,070	(1,470)
Legal Fees	500	500	448	52
Office Expense	5,000	5,000	6,140	(1,140)
Pest Control	150	150	0	150
Postage	1,700	1,700	1,848	(148)
Professional Fees	0	0	1,634	(1,634)
Rent - Equipment	0	0	150	(150)
Repairs & Maintenance	7,300	7,300	2,861	4,439
Repairs & Maintenance (Well)	13,000	13,000	18,744	(5,744)
Supplies	2,600	2,600	1,183	1,417
Wages	29,640	29,640	28,804	836
Taxes - GRT	5,800	5,800	5,979	(179)
Taxes - Payroll	2,268	2,268	2,621	(353)
Taxes - Property	1,150	1,150	804	346
Taxes - WC1 Assessment Fee	25	25	13	12
Taxes - Water Conservation	1,120	1,120	758	362
Utilities - Disposal	250	250	237	13
Utilities - Electricity	1,200	1,200	3,815	(2,615)
Utilities - Electricity - Well	15,000	15,000	9,904	5,096
Utilities - Internet	720	720	702	18
Utilities - Telephone - Well	450	450	430	20
Utilities - Telephone - Office	1,600	1,600	2,708	(1,108)
<i>Total operating expenses</i>	113,783	113,783	112,797	986

**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, 2012**

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Grant Revenue - Capital	0	0	44,000	44,000
Interest Income	0	0	0	0
Refund	0	0	8,776	8,776
Void Checks from PY's	0	0	0	0
Interest Expense	(10,545)	(10,545)	(11,263)	(718)
<i>Total non-operating revenues (expenses)</i>	(10,545)	(10,545)	41,513	52,058
<b>Change in Fund Net Assets</b>	<b>\$1,825</b>	<b>\$1,825</b>	<b>\$56,306</b>	<b>\$54,481</b>

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.

*Barbara Anthony*

Special District: Desert Aire Mutual Domestic Water and Sewer Assoc  
 Quarter Ending: 30-Jun-12  
 Prepared by: ARACELY GUTIERREZ

Fund #	FUND	CASH BALANCE PER BOOKS July 1, 2011	INVESTMENTS YEAR TO DATE	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
1031	GENERAL	3,584.53	-	118,284.53	-	117,329.07	4,535.99	7,571.59	583.11	-	11,528.47	11,528.47	-
1032	CAPITAL IMPROVEMENTS	12,809.93	-	8.76	-	2.47	12,816.22	-	-	-	12,816.22	12,816.22	-
1034	DEBT RESERVE	972.52	-	0.68	-	-	973.20	-	-	-	973.20	973.20	-
1035	EMERGENCY	4,982.00	-	-	-	-	4,982.00	-	-	-	4,982.00	4,982.00	-
1036	OPER & MAINT	18,751.00	-	-	-	-	18,751.00	-	-	-	18,751.00	18,751.00	-
1037	CONSTRUCTION	29,202.71	-	22,693.15	-	46,680.73	5,215.13	20.53	-	-	5,235.66	5,235.66	-
1038	COLONIAS INITIATIVE	100.00	-	44,099.99	-	44,151.94	48.05	-	-	-	48.05	48.05	(0.00)
	GRAND TOTAL	\$ 70,402.69	\$ -	\$ 185,087.11	\$ -	\$ 208,164.21	\$ 47,322.59	\$ 7,592.12	\$ 583.11	\$ -	\$ 54,334.60	\$ 54,334.60	\$ (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, 2012

**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2012-01 Reimbursement Requests Issued Before Costs were Paid by Local Public Body**

**Statement of Condition** – There was only one reimbursement request made for \$5,923 for fiscal year 2012 on a reimbursable Colonias Initiative grant. After review of this one request, we determined that the costs were incurred but not paid by the District prior to the reimbursement request.

**Criteria** – Costs should be incurred by the recipient and paid by the local public body prior to the request for reimbursement in accordance with grant agreement.

**Cause** – District was not aware that the grant required payment of costs prior to requesting reimbursement.

**Effect** – Non-compliance with grant agreements may jeopardize future capital grant funding.

**Recommendation** – Desert Aire Mutual Domestic Water and Sewer Works Association should familiarize themselves with each grant's requirements and pay costs incurred prior to request for reimbursement when required.

**Management's Response** – After discussion, the Board of Directors has agreed to pay all cost, prior to requesting reimbursements.

**2012-02 Grant Status Reports Not Available/Provided**

**Statement of Condition** – Client was unable to provide grant status reports to IPA.

- CDBG No. 10-C-NR-I-06-A-104
  - o Client was unable to provide status report #1 (of 5) for progress during fiscal year 2012.
- Colonias Initiative Project 10-1283 #11
  - o Client was unable to provide grant status reports for July 2011 to May 2012.

**Criteria** – Article III of the CDBG grant project No. 10-C-NR-I-06-A-104 requires quarterly progress reports. Article VIII Reports in the 2010 Colonias Initiative Project 10-1283 #11 requires periodic monthly reports on the last day of each month.

**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** – The Board of Directors have initiated measures to allow Directors to attend workshops in order to acclimate new management and Board members into the mainstream of all business activities. This will prevent any disruption to the daily activities.

**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, 2012

**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2012-03 Revenue Deposits**

**Statement of Condition** – During our testwork of revenue, we found one day out of six months selected in which the amount deposited for the day was \$15 less than the amount recorded in the general ledger.

**Criteria** – Good internal controls require review of deposits and posting records to identify any differences prior to posting and depositing.

**Cause** – Lack of careful review.

**Effect** – Lack of consistent careful review may allow opportunity for misappropriation.

**Recommendation** – Although this appears to be an isolated incident, the Association should revisit their control process to make sure all deposits are agreed to daily receipt and posting records.

**Management's Response** – We concur and will review our daily processes to insure all revenues are deposited and agree with daily receipt and posting records.

**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, 2012

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2011-01 Inadequate Tracking of Refundable Renter's Deposits**

Not repeated.

**2011-02 Budget Compliance**

Resolved and not repeated.

**2010-01 Disbursement Policy and Procedures Inadequate**

Repeated with modification.

**Statement of Condition –**

We selected a sample of 58 disbursements and noted the following:

- There was no approval/authorization process for 52 disbursements totaling \$35,053. All disbursements checks were written and signed by the same person. Disbursements were not presented to the board until after they were disbursed. In addition, there is no policy or procedures governing the use of the debit card.
- Three disbursements (totaling \$2,842) had no supporting invoice or documentation.

We also selected all Capital Outlay disbursements (25) related to the Capital Outlay Appropriation funding and noted the following:

- Seventeen disbursements had no approval/authorization process (totaling \$18,935).

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

**Cause –** The District has a limited number of employees and was unfamiliar with internal control issues prior to their 2010 and 2011 AUP engagements which were not completed until after the end of the 2012 fiscal year.

**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 –** Management is currently implementing an approval process in which a board member (besides the check signer) will pre-approve invoices for payment on a weekly basis and sign and date a schedule of payments to be made noting their approval. All supporting documentation will be carefully maintained. New procedures were implemented in September 2012 after the completion of the 2010 AUP; however, the transactions tested above had already occurred prior to this time.

**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, 2012

**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED)**

**2010-02 Failure to Perform Yearly Inventory of Capital Assets**

Repeated.

**Statement of Condition** – Desert Aire Mutual Domestic Water and Sewer Works Association did not perform a yearly inventory of capital assets.

**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 contracted an external CPA in the prior year and they maintain and update the association's capital assets. The association was 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** – Management concurs and is currently planning the inventory observation for the current year.

**2010-03 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** – Management concurs and will request a list of journal entries from the accountant monthly for review by the Board.



**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, 2012

**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED)**

**2010-04 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 1, 2012 due date.

**Criteria** – Agreed Upon Procedures engagements are due to the State Auditor's Office by December 1, 2012 for June 30, 2012 fiscal year ends per 2.2.2.16 NMAC.

**Cause** – Association was unaware of the new agreed upon procedures engagement requirements. The 2010 AUP was not performed and completed until May 2012 and the 2011 AUP was not completed until late 2012. Therefore, the 2012 AUP engagement had a late start.

**Effect** – Noncompliance 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** – Future years will be contracted on a timely basis.

**STATE OF NEW MEXICO**  
**DESERT AIRE MUTUAL DOMESTIC WATER AND**  
**SEWER WORKS ASSOCIATION**  
EXIT CONFERENCE  
JUNE 30, 2012

**EXIT CONFERENCE:**

The exit conference was held May 22, 2013 and was attended by the following:

**From Desert Aire Mutual Domestic Water and Sewer Works Association:**

William Miranda, President

Miztly Estrada, Billing Clerk

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

Debbie Gray, CPA/Shareholder

Thomas Baker, 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, 2012.