



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

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

STATE OF NEW MEXICO

**ROSEDALE MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

AGREED UPON PROCEDURES

DECEMBER 31, 2011

**STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

OFFICIAL ROSTER
DECEMBER 31, 2011

Board of Directors

<u>Name</u>	<u>Title</u>
<i>T. J. Robinson</i>	<i>President</i>
<i>Jim Brown</i>	<i>Vice President</i>
<i>Deming Gustafson</i>	<i>Board Member</i>
<i>Raymond Loyd</i>	<i>Board Member</i>
<i>Ron Schrader</i>	<i>Board Member</i>

Association Official

<i>Tom Fleming</i>	<i>Manager</i>
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STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF CAPITAL OUTLAY AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Award	Received to Date	Expended to Date	Remaining Balance
New Mexico Environment Department				
SAP-08-3868-GF	\$23,000	\$19,194	\$19,194	\$3,806
Effective Dates:				
October 20, 2008 - June 30, 2012				
2010 Colonias Initiative	\$50,000	\$4,098	\$8,330	\$41,670
10-1283 Capital Appropriation				
Effective Dates:				
February 2, 2011 - June 30, 2012				



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

Rosedale Mutual Domestic Water Consumers Association
and State of New Mexico
Office of the State Auditor

We have performed the procedures enumerated below, which were agreed to by Rosedale Mutual Domestic Water Consumers Association and the State of New Mexico Office of the State Auditor, solely to assist you with respect to the accounting records of Rosedale Mutual Domestic Water Consumers Association as of December 31, 2011. Rosedale 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 results are as follows:

1. Cash
 - a. We reviewed 100% of the bank reconciliations of Rosedale Mutual Domestic Water Consumers 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.
 - b. We randomly selected two bank reconciliations of Rosedale Mutual Domestic Water Consumers 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.
 - c. We reviewed the supporting documentation provided by the financial institutions of Rosedale Mutual Domestic Water Consumers 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 reviewed the annual inventory of Rosedale Mutual Domestic Water Consumers Association (as required by Section 12-6-10 NMSU 1978) and determined the following:
 - a. Rosedale Mutual Domestic Water Consumers Association performed an end of year inventory, as required, and provided this inventory list to us.

3. Revenue. We identified the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.
 - a. 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 tested 60% of the total amount of revenues (on the cash basis) for 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. No exceptions were noted.
4. Expenditures. We selected a sample of cash disbursements and tested 96 transactions (62% of the total amount of expenditures) for the following attributes:
 - a. 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 noted.
 - b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions noted.
 - 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). No exceptions noted.
5. Journal Entries. The financial records of Rosedale Mutual Domestic Water Consumers Association indicated that no journal entries were posted to the general ledger; therefore, we did not perform any tests in this area.

6. Budget

- a. Through a review of the minutes, we verified that the original budget was approved by the Board of Directors. Per correspondence with DFA-LGD, the Association's budgets were approved.
- b. 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 Rosedale Mutual Domestic Water Consumers Association for the general operating fund.

7. Capital Outlay Appropriations

We requested and reviewed 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

We tested all capital outlay expenditures during the fiscal year to:

- a. Determine that the amount recorded as disbursed agreed 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.
- 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).
- d. Determine the physical existence (by observation) of the capital assets 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. The project is not yet complete.
- 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.

No exceptions were noted with regard to capital outlay appropriations.

Rosedale Mutual Domestic Water Consumers 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, illegal acts, noncompliance, or any internal control deficiencies.

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 Rosedale Mutual Domestic Water Consumers 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.

March 26, 2011

STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
GENERAL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
 BUDGETARY BASIS AND ACTUAL

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:				
Water sales, net of refunds	\$88,500	\$88,500	\$89,583	\$1,083
Finance charges	0	0	4,250	4,250
Equipment rental/other	0	0	232	232
<i>Total operating revenues</i>	<u>88,500</u>	<u>88,500</u>	<u>94,065</u>	<u>5,565</u>
OPERATING EXPENSES:				
Cost of water	31,000	31,000	30,051	949
Salaries and wages	31,008	31,008	28,830	2,178
Accounting services	9,100	9,100	7,864	1,236
Advertising	50	50	216	(166)
Supplies	1,000	1,000	340	660
CME/seminars	450	450	532	(82)
Dues and subscriptions	350	350	392	(42)
Insurance	5,700	5,700	6,697	(997)
Computer support	250	250	327	(77)
Payroll taxes	2,700	2,700	2,481	219
Repairs and maintenance	4,200	4,200	6,180	(1,980)
Rental expense	200	200	992	(792)
Taxes, other	50	50	10	40
Office expense	2,000	2,000	2,131	(131)
Miscellaneous	300	300	0	300
<i>Total operating expenses</i>	<u>88,358</u>	<u>88,358</u>	<u>87,043</u>	<u>1,315</u>
NON-OPERATING REVENUES (EXPENSES):				
State grant funds	69,355	69,355	19,646	(49,709)
Capital grant expenditures	(69,355)	(69,355)	(19,646)	49,709
Interest income	500	500	332	(168)
Other - insurance proceeds	0	0	3,314	3,314
Other expense	0	0	0	0
<i>Total non-operating revenues (expenses)</i>	<u>500</u>	<u>500</u>	<u>3,646</u>	<u>3,146</u>
Change in fund net assets	<u>\$642</u>	<u>\$642</u>	<u>\$10,668</u>	<u>\$10,026</u>

STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

None.

CURRENT STATUS ON PRIOR YEAR FINDING:

2010-01 Reports Not Submitted Timely to New Mexico State Auditor's Office

Resolved and not repeated.

STATE OF NEW MEXICO
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
DECEMBER 31, 2011

EXIT CONFERENCE:

The exit conference was held April 13, 2012 and was attended by the following:

From Rosedale Mutual Domestic Water Consumers Association:

T. J. Robinson, President
Tom Fleming, Manager

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

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENT PREPARATION

The financial statements of Rosedale Mutual Domestic Water Consumers 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 December 31, 2011.