



**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**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2013**

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

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>Page</u>
OFFICIAL ROSTER	1
AGREED UPON PROCEDURES REPORT	2
<b>INDIVIDUAL FUND STATEMENTS</b>	
Statement of Revenues and Expenditures – Budget and Actual (Non GAAP Budgetary Basis) General Operating Fund	5
SPECIAL DISTRICT FINANCIAL REPORT	6
Schedule of Findings and Responses	7
Exit Conference	8

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

OFFICIAL ROSTER  
DECEMBER 31, 2013

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
<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>
--------------------	----------------

**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 Association's compliance for a Tier 4 engagement of Tier 4 of the Audit Act (Section 12-6-1 NMSA 1978 et seq.). 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 selected all 12 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:

Rosedale Mutual Domestic Water Consumers Association performed only a partial inventory and therefore, was not compliant with the above requirement. A complete inventory listing such as a depreciation schedule was not used during the inventory process to determine completion (see finding on page 7).

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 61% 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 69% of the total 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 (see the Budget to Actual schedule on page 5).

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

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, the Department of Finance and Administration - Local Government Division, 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 3, 2014

**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, 2013

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>				
Water sales, net of refunds	\$98,000	\$98,000	\$109,062	\$11,062
Finance charges	0	0	2,447	2,447
Equipment rental/other	2,572	2,572	0	(2,572)
<i>Total operating revenues</i>	100,572	100,572	111,509	10,937
<b>OPERATING EXPENSES:</b>				
Cost of water	30,000	30,000	35,694	(5,694)
Salaries and wages	31,000	31,000	29,880	1,120
Accounting services	9,000	9,000	8,528	472
Advertising	250	250	108	142
Supplies	2,500	2,500	1,973	527
CME/seminars	500	500	127	373
Dues and subscriptions	350	350	625	(275)
Insurance	8,000	8,000	6,547	1,453
Computer support	350	350	35	315
Payroll taxes	2,700	2,700	2,286	414
Repairs and maintenance	2,500	2,500	2,399	101
Rental expense	200	200	223	(23)
Taxes, other	50	50	0	50
Office expense	2,500	2,500	1,445	1,055
Fuel Expense	1,250	1,250	853	397
Miscellaneous	300	300	95	205
Legal	0	0	5,000	(5,000)
Utilities and telephone	700	700	589	111
Backhoe expense	2,000	2,000	140	1,860
Training	3,500	3,500	757	2,743
<i>Total operating expenses</i>	97,650	97,650	97,304	346
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
State grant funds	2,800	2,800	0	(2,800)
Capital grant expenditures	0	0	0	0
Interest income	500	500	122	(378)
Other - insurance proceeds	0	0	0	0
Other expense	0	0	0	0
<i>Total non-operating revenues (expenses)</i>	3,300	3,300	122	(3,178)
<b>Change in fund net assets</b>	<b>\$6,222</b>	<b>\$6,222</b>	<b>\$14,327</b>	<b>\$7,413</b>
Reconciliation to quarterly report:				
Operating expenses			\$97,304	
Capital grant expenditures			0	
			97,304	
Expenditures to date - quarterly report			(97,356)	
Difference - December 2012 GRT and state withholding payable vs. December 2013 GRT state withholding payable			(\$52)	





**STATE OF NEW MEXICO**  
**ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2013-001 – Inventory of Capital Assets**

**Statement of Condition** – The Association did not perform a complete inventory of capital assets. Only a partial inventory was completed.

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

**Cause** – Lack of clear understanding of the capital asset inventory requirement.

**Effect** – Potential for missing assets to go undetected for an extended period of time.

**Recommendation** – A complete inventory should be performed annually utilizing the most current depreciation schedule. We also recommend that the individual performing the inventory check off each asset when observed, note any assets observed but not included on the schedule, sign and date the schedule, update the depreciation schedule as necessary and retain for proof of observation.

**Management's Response** – Rosedale Water Association will use the Capital Asset Depreciation list as well as the Tools Parts & Inventory list in the future to complete its inventory. Rosedale Water Association will change the way the inventory and depreciation sheets are done in the future to comply with the State requirement.

**CURRENT STATUS ON PRIOR YEAR FINDING:**

None.

**STATE OF NEW MEXICO**  
**ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
EXIT CONFERENCE  
DECEMBER 31, 2013

**EXIT CONFERENCE:**

The exit conference was held March 14, 2014 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  
Thomas Baker, Auditor In-Charge  
Lucio Luttrell, Staff Auditor

**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, 2013.