

City of Moriarty Mayor Steve Anaya

Honorable City Councilors

October 22, 2025

Re: Outstanding Material Weaknesses and Significant findings from Fiscal Year 2022 and ~~Fiscal Year 2023 Audits~~

There were 10 findings total: 8 material weakness findings, 1 non-compliance finding and 1 “other matter” findings discovered in the 2022 audit and 6 total in 2023 with 1 material weakness findings, 1 significant finding and 4 noncompliance findings and 4 repeated findings. Each one of these are severe and deserve answers as to how they were rectified and full disclosure by showing the public the written policies that have been enacted to close the door on the risk our city is currently facing. As the corrective actions were to be completed by September 2024, it should not be complicated for the city to be respond and be accountable to the public by allowing the new policies to be read by the citizens of the city. I am requesting those policies be provided at the next meeting November 5, 2025. In addition, I would like answers to the following questions raised by the 2022 audit and numbered accordingly.

- I. 2022-001 Controls surrounding bank reconciliations.
 - a. Has the city reconciled their bank accounts?
 - b. Has the city stopped making journal entries to balance their books?
 - c. Has the city stopped writing checks out of sequence?
 - d. Has the city stopped back dating checks?
 - e. Has the city improved their filing system to allow determination of disbursements?
 - f. Has the City reconciled their ledger with the NMFA cash balances on a monthly basis and have personnel that understand how to balance them?
- II. 2022-002
 - a. Are all bank deposits being kept in an orderly fashion?
 - b. Is the City now tracking and reconciling grant funding?
 - c. Did the city find the \$904,790 discrepancy between the city’s cash balances and those reported to DFA?
 - d. Is the City now tracking their capital asset additions, deletions and depreciation expenses?
 - e. Has the City improved their accounting filing system to allow a person to trace an expense from the ledger, to a copy of the check, purchase requisition, purchase order and vendor invoice?

- f. Did the city receive refund for the \$9,000 overpayment to a vendor on check 31480?
 - g. Are all journal entries now supported by adequate supporting documentation?
- III. Transfers
 - a. Has the city found the \$374,165 discrepancy between the unadjusted trail balance internal transfers?
- IV. 2022-004 Entity Wide Control Deficiencies and lack of financial policies and procedures/COSO framework.
 - a. Has the city reconciled their 9 bank accounts by someone that does not have override controls of the city?
 - b. Are the bank reconciliations taking place on a timely basis?
 - c. Are those bank reconciliations presented for Governance to review?
 - d. Has the City implemented controls on disbursements?
 - e. Has the city changed purchasing procedures getting a PO before the purchase is made and the invoice is received?
 - f. Is the city creating a daily deposit/receipting report?
 - g. Has the City improved the filing system to allow PO, invoice and check to be easily tied together?
 - h. Is Governance more aware of the finances on a monthly basis and see that the bank accounts are reconciled?
 - i. Has the City written and created a book of policies and procedures regarding financial operations of the city?
 - j. Has the city clerk jobs been segregated allowing oversight of the override controls?
- V. 2002-005 Capital Assets and Capital Asset Inventory
 - a. Is the city NOW conducting an annual capital asset inventory on all moving chattels?
- VI. 2022-006 Disbursements/Purchase Orders/Purchase Requestion Required
 - a. Is the City now requiring PO before purchase? This is the LAW 13-1-33 NMSA
- VII. 2022-007 Customer Meter deposits
 - a. Has the City determined who paid deposits, who has had deposits refunded and who still has deposits on the books totaling \$159,625?
- VIII. 2022-008 Debt Refunding
 - a. Did the city complete refunding \$97,915 to the USDA Water Improvement Revenue bond with NMFA PPRF-5605?
- IX. 2022-009 Late Audit
 - a. Are we done with 2024 and 2025 audits? Can we get a copy?
- X. 2022-010 Pledged Collateral

a. Are all of our bank accounts now properly collateralized?

Thank you for answering all of these questions, I will create another request for the audit findings from 2023.

Regards,

Jerri Pohl

Private Citizen and Member of the Citizen's of Moriarty Action group

