



ricci & company llc

Certified Public Accountants

**LA JARA WATER USERS
ASSOCIATION**

**AGREED UPON PROCEDURES
REPORT**

December 31, 2011



LA JARA WATER USERS ASSOCIATION

Official Roster	1
Independent Accountant's Report	2
SUPPLEMENTAL ATTACHMENTS	
Procedures Performed and Related Results	3
Schedule of Revenues and Expenditures – Budget and Actual - General Fund	7
Schedule of Findings and Responses	8
Exit Conference	9

LA JARA WATER USERS ASSOCIATION

December 31, 2011

Official Roster

Board of Directors

Rod Herrera, President
John Lucero, VP
Ubaldo Maestas, Secretary
Tony Duran, Treasurer
Nathan Duran, Member

Principal Employees

Jared Maestas, Operations Manager
Jennifer Johnson, Office Manager

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

To Management
La Jara Water Users Association
La Jara, New Mexico
and
To Mr. Hector H. Balderas, State Auditor

We have performed the procedures enumerated below, which were agreed to by the La Jara Water Users Association (Association) and the New Mexico State Auditor's Office, solely to assist in determining if the Association is in compliance with New Mexico State Audit Rule, Tier 4, as of December 31, 2011. The Association is the responsible party and the subject matter is the responsibility of the Association. 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 the parties specified in this 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.

The procedures and the associated findings are included in a supplemental attachment.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Tier 4 agreed upon procedures. 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 management and others within the Association, the State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Ricci & Company LLC

Albuquerque, New Mexico
April 17, 2012

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS

1. CASH

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on hand.

Bank reconciliations are included as part of the monthly board meetings. We reviewed to ensure they were included in the directors' packets. No exceptions were noted. The reconciliations for the months of January, April, July, and December were performed no later than 14 days after the close of the statement period. Reconciliations are completed timely.

The Association has four banking accounts, one checking, two savings, and one investment. All reconciliations are complete and on hand.

- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA - Local Government Division.

We selected four months to test including January 2011, April 2011, July 2011, and December 2011. Reconciliations are accurate and tie to supporting detail. However, it was noted that the Association tried submitting the 2011 quarterly budgetary (income statement and budgetary comparisons) and cash balances but were instructed by DFA- Local Government Division to defer reporting until the calendar year 2012.

- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

We determined that the cumulative balance for all accounts is below \$250,000 in an FDIC insured financial institution; therefore, additional procedures were not performed.

2. CAPITAL ASSETS

- a) Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

An annual physical inventory of capital assets was completed. The Association utilizes Microsoft Excel software to maintain its inventory listing.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

3. REVENUES

- a) Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation and perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

We compared actual to budget for each type of revenue. Please see the Budget-Actual Schedule (page 7) for amounts. We inquired on the following variances:

The variance in "Water Sales" is due to leaks that resulted in greater sales. The allowance is related to the water leak due to a monthly installment plan that was entered into with the user.

- b) Based on judgment, select a sample of revenues and test for the following attributes:

- 1) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- 2) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on; cash basis, modified accrual basis, or accrual basis.

We judgmentally selected six months of activity, including January 2011, March 2011, April 2011, July 2011, September 2011, and December 2011. These six months yielded a coverage rate of 61% of total revenues. No exceptions were noted testing the attributes above.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

4. EXPENDITURES

a) Select a sample of cash disbursements based on judgment for the following attributes:

- 1) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- 2) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- 3) 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).

To meet the requirements, using a random number generator, we tested 14 transactions selected from the total check range of the Association for the fiscal year. We then tested 100% of the Association's payroll. Finally, we selected 7 disbursements processed on a monthly auto draft. The above attributes were tested without exception for all of the transactions.

5. JOURNAL ENTRIES

a) If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- 1) Journal entries appear reasonable and have supporting documentation.
- 2) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Adjusting journal entries were made during the current year for customer account billings. We reviewed the support for all of the adjustments and we did not note any discrepancies during the performance of our agreed upon procedures.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2011**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

6. BUDGETS

- a) Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- 1) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.

We verified the Board of Directors approved the original budget. We also verified that there were no budget adjustments during the fiscal year.

- 2) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

It was determined that the Association did not exceed the final budget at the legal level of budgetary control.

- 3) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

See attached Statement of Revenues and Expenditures - Budget and Actual - General Fund.

7. OTHER

- a) If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

During fieldwork there were no instances that came to our attention which indicated any instances of fraud, illegal acts, noncompliance, or internal control deficiencies.

**LA JARA WATER USERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Water user fees	\$ 83,402	83,402	86,436	3,034
Other charges	10,138	10,138	12,296	2,158
Late charges	3,140	3,140	2,835	(305)
Miscellaneous	406	406	972	566
Less: Allowances and deductions	-	-	(3,861)	(3,861)
Total revenues	97,086	97,086	98,678	1,592
Expenditures				
Current:				
Personnel	46,553	46,553	46,770	(217)
Operating costs	9,750	9,750	6,855	2,895
Administrative costs	7,792	7,792	7,494	298
Travel and training	1,255	1,255	624	631
Professional services	4,000	4,000	6,215	(2,215)
Insurance	3,200	3,200	2,702	498
Depreciation	14,800	14,800	15,935	(1,135)
Debt Service	15,422	15,422	14,630	792
Capital Outlay	50,000	50,000	34,647	15,353
Total expenditures	152,772	152,772	135,872	16,900
Deficiency of revenues over expenditures	(55,686)	(55,686)	(37,194)	18,492
Other Financing Sources (Uses)				
Construction Loan	50,000	50,000	27,539	(22,461)
Membership fees	-	-	750	750
Interest/dividends	-	-	8	8
Total other financing sources	50,000	50,000	28,297	(21,703)
Deficiency of revenues over expenditures and other financing sources	\$ (5,686)	(5,686)	(8,897)	(3,211)
Non-cash expenditures				
Depreciation Expense	\$ 14,800	14,800		
Excess of revenues over non-cash expenditures and other financing sources	\$ 9,114	9,114		

**LA JARA WATER USERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2011**

CURRENT YEAR FINDINGS

None

STATUS of PRIOR YEAR FINDINGS

2010-01	Submission of Reports to the Department of Finance and Administration (DFA)	Resolved
2010-02	Uninsured Deposits	Resolved
2010-03	Late Submission of Report	Resolved

**LA JARA WATER USERS ASSOCIATION
EXIT CONFERENCE
December 31, 2011**

An exit conference was held on January 17, 2012 to discuss the agreed upon procedures.
Attending were the following:

Representing the La Jara Water Users Association:

Board of Directors

Terry Johnson, Member/ Past President

(attended the meeting at the request and in lieu of Rod Herrera, President)

Management

Jennifer Johnson, Business Manager

Representing the Independent Accountant:

Herman Chavez, CPA, Manager

Jake Bowe, Staff