

**LA JARA WATER USERS ASSOCIATION**  
**AGREED UPON PROCEDURES REPORT**  
**DECEMBER 31, 2013**

# LA JARA WATER USERS ASSOCIATION

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**LA JARA WATER USERS ASSOCIATION**

**December 31, 2013**

**Official Roster**

**Board of Directors**

Keith Stickford, President  
George Lopez, Vice President  
Celso Martinez, Secretary  
Tony Duran, Treasurer  
Doug Albin, 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, 2013. 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 we performed 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  
May 18, 2014

**LA JARA WATER USERS ASSOCIATION  
AGREED UPON PROCEDURES  
December 31, 2013**

**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 financial presentation at monthly board meetings. We verified that they were included in the directors' packets. No exceptions were noted. The reconciliations for the months of January, April, July, and December 2013 were completed no later than 8 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 tested reconciliations for four months: January, April, July, and December 2013. Reconciliations are accurate and tie to supporting detail, general ledger and the financial reports submitted to DFA – Local Government Division.

- 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 at no time during the year was the cumulative balance for all accounts \$250,000 or more. All these accounts are 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 on January 2, 2014. The Association utilizes Microsoft Excel software to maintain its inventory listing that contains the date it was physically observed and who observed it, which is considered adequate for documenting that a physical inventory was completed at or near year-end.

**LA JARA WATER USERS ASSOCIATION  
AGREED UPON PROCEDURES  
December 31, 2013**

**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 changing demand in Water usage, which is difficult to accurately predict.
- The variance in “Other Charges” is attributed to various charges for members that do not have water usage fees. These members pay annually for things like permits, disconnections and reconnections.
- The variance in membership fees are because these fees are not budgeted. This is because the Association historically doesn’t have new members annually.

We analytically tested revenues by comparing the actual bank receipts to the billed amounts for the months of February, April, June, August, October, and December 2013. No material exceptions were noted.

- 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 for review: February, April, June, August, October, and December 2013. These six months yielded a coverage rate of 51% of total revenues. No exceptions were noted testing the attributes above.

**LA JARA WATER USERS ASSOCIATION  
AGREED UPON PROCEDURES  
December 31, 2013**

**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).

We selected 14 disbursements for review from the total disbursement population; this population excluded payroll and payroll tax disbursements which were tested separately. From the total population, five transactions were selected using a high value scope of \$1,350. Two of the five were debt related payments. Nine additional selections were chosen randomly by random number generator software. No exceptions were noted testing the attributes above.

We then tested 100% of the Association's payroll expenditures. No exceptions were noted testing the attributes above.

**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 four customer account balances. We reviewed the support for all of the adjustments and all appear reasonable. We noted that adjustments are reported to the Board of Directors at monthly meetings. The entries are approved by the Board as part of the financial presentation at monthly board meetings.

**LA JARA WATER USERS ASSOCIATION  
AGREED UPON PROCEDURES  
December 31, 2013**

**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.

Per review of the November 2012 minutes, we verified the Board of Directors approved the original budget for 2013. We also verified by comparing the initial to the final approved budget submitted to DFA-LGD, that there were two budget adjustments that increased personnel costs by \$1,200 and increased operating costs by \$1,900. Capital outlay was reduced by \$2,400 and travel and training by \$700 to offset these increases. These adjustments were approved by the Board of Directors in December 2013.

- 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 (fund/entity level).

- 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 (Cash Basis).

**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 (CASH BASIS)  
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Water user fees	\$ 82,784	82,784	80,242	(2,542)
Other charges	12,376	12,376	14,204	1,828
Late charges	2,835	2,835	3,691	856
Membership fees	-	-	4,290	4,290
Miscellaneous	2,169	2,169	1,443	(726)
Less: Allowances and deductions	(1,000)	(1,000)	(1,845)	(845)
<b>Total revenues</b>	<b>99,164</b>	<b>99,164</b>	<b>102,026</b>	<b>2,862</b>
<b>Expenditures</b>				
Current:				
Personnel	46,754	47,954	47,972	(18)
Operating costs	7,900	9,800	9,919	(119)
Administrative costs	7,385	7,385	7,446	(61)
Travel and training	1,485	785	697	88
Professional services	3,852	3,852	3,852	-
Insurance	2,620	2,620	2,497	123
Depreciation	18,000	18,000	17,747	253
Debt service	19,947	19,947	19,947	-
Capital outlay	10,213	7,813	1,736	6,077
<b>Total expenditures</b>	<b>118,156</b>	<b>118,156</b>	<b>111,813</b>	<b>6,343</b>
<b>Deficiency of revenues over expenditures</b>	<b>(18,992)</b>	<b>(18,992)</b>	<b>(9,787)</b>	<b>9,205</b>
<b>Other Financing Sources</b>				
Interest/dividends	18	18	20	2
<b>Total other financing sources</b>	<b>18</b>	<b>18</b>	<b>20</b>	<b>2</b>
<b>Deficiency of revenues over expenditures and other financing sources</b>	<b>\$ (18,974)</b>	<b>(18,974)</b>	<b>(9,767)</b>	<b>9,207</b>
<b>Non-cash expenditures</b>				
Depreciation expense	\$ 18,000	18,000	17,747	
<b>Excess (deficiency) of revenues over noncash expenditures and other financing sources</b>	<b>\$ (974)</b>	<b>(974)</b>	<b>7,980</b>	

**LA JARA MDWCA 2013 4TH Quarter DFA Report**

**Jan 1, 2013 - Dec 31, 2013**

**BEGINNING CASH BALANCES**

Revenue account	Wells Fargo	Checking	4,693.84
RIP & Ops reserve account	Wells Fargo	Savings	10,837.66
Capital reserve account	Wells Fargo	Savings	41,888.93
RUS reserve	Wells Fargo	CD	11,712.92
Petty cash		Cash	102.90
<b>Total</b>			<b>69,236.25</b>

	<u>2013 Budget</u>			<u>2013 Actual</u>		
	<u>Operating</u>	<u>Other</u>	<u>Total</u>	<u>Operating</u>	<u>Other</u>	<u>Total</u>
<b>INCOME</b>						
Water sales	82,784	-		80,242.21	-	
Other charges	12,376	-		14,204.20	-	
Installment plan charges	2,169	-		1,442.89	-	
Late charges	2,835	-		3,691.28	-	
Adjustments	(1,000)	-		(1,844.88)	-	
Interest	-	18		-	20.26	
Membership fees	-	-		-	4,290.00	
Grant disbursements	-	-		-	-	
Loan disbursements	-	-		-	-	
<b>Total cash income</b>	<b>99,164</b>	<b>18</b>	<b>99,182</b>	<b>97,735.70</b>	<b>4,310.26</b>	<b>102,045.96</b>

**EXPENDITURES**

Personnel costs	47,954	-		47,972.47	-	
Operating costs	9,800	-		9,919.06	-	
Administrative costs	7,385	-		7,446.04	-	
Travel and training	785	-		697.02	-	
Professional services	3,852	-		3,852.00	-	
Loan interest	11,169	-		11,168.99	-	
Insurance	2,620	-		2,496.84	-	
Depreciation	18,000	(18,000)		17,747.02	(17,747.02)	
Loan principal payments	-	8,778		-	8,777.97	
Capital expenditures	-	7,313		-	1,793.97	
Increase in inventory	-	500		-	(57.66)	
<b>Total cash expenditures</b>	<b>101,565</b>	<b>(1,409)</b>	<b>100,156</b>	<b>101,299.44</b>	<b>(7,232.74)</b>	<b>94,066.70</b>

Decrease in accounts receivable (2,881.64)

Increase in accounts payable 66.07

**ENDING CASH BALANCES**

Revenue account	Wells Fargo	Checking	4,819.08
RIP & Ops reserve account	Wells Fargo	Savings	9,816.04
Capital reserve account	Wells Fargo	Savings	48,002.00
RUS reserve	Wells Fargo	CD	11,688.32
Petty cash		Cash	74.50
<b>Total</b>			<b>74,399.94</b>

**LA JARA WATER USERS ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2013**

**CURRENT YEAR FINDINGS**

None

**STATUS OF PRIOR YEAR FINDINGS**

None

**LA JARA WATER USERS ASSOCIATION  
EXIT CONFERENCE  
December 31, 2013**

An exit conference was held on May 5, 2014 to discuss the agreed upon procedures. Attending were the following:

Representing the La Jara Water Users Association:

Board of Directors  
Keith Stickford, President

Management  
Jennifer Johnson, Office Manager

Representing the Independent Accountant:

Herman Chavez, CPA, Manager  
Christina Cosme, CPA, Staff