

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES REPORT
DECEMBER 31, 2014**

LA JARA WATER USERS ASSOCIATION

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LA JARA WATER USERS ASSOCIATION

December 31, 2014

Official Roster

Board of Directors

Keith Stickford, President

Tony Duran, Treasurer

Doug Albin, Member

Diane Roberts, Member

Principal Employees

Jennifer Johnson, Office Manager

Jared Maestas, System Operator



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

**6200 Uptown Blvd NE
Suite 400
Albuquerque, NM 87110
505.338.0800**

To Management
La Jara Water Users Association
La Jara, New Mexico
and
To Mr. Tim Keller, 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, 2014. 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 14, 2015

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2014**

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.

The Association has one checking account, two savings accounts, and one certificate of deposit held at the same financial institution. Bank reconciliations are completed manually by the Office Manager, and bank balances are reviewed by the Board of Directors as part of the financial presentation at monthly board meetings. We determined that all bank reconciliations are performed on a timely basis and all were complete and on-hand for the fiscal year.

- 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 seven months: January, March, June, July, September, October, and December 2014. 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 upon review of the monthly bank statements and bank reconciliations that the Association maintained a cumulative account balance below the \$250,000 Federal Deposit Insurance Corporation coverage limit; 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.

The Association maintains a capital assets inventory listing and performed a yearly inventory as required by Section 12-6-10 NMSA 1978. The Association utilizes Microsoft Excel to maintain its inventory listing.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2014**

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 performed an analytical review of the change in current year revenue from prior year and compared current year actual revenues with budgeted. We noted no unusual or unexplained variances.

- 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 selected six months of billing activity for members' water accounts- February, March, July, August, November and December 2014- and compared with the month's collections, using the monthly master activity reports, Money program transaction detail, supporting documentation for bank deposits, and bank statements. We analytically determined whether the collections were reasonable in relation to the activity reports obtained from the client. No exceptions were noted testing the attributes above.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2014**

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 randomly selected 23 disbursements for review from the total disbursement population; this population excluded payroll disbursements which were tested separately. In the performance of our review, we selected two additional high dollar disbursements for testwork. No exceptions were noted testing the attributes above.

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

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2014**

PROCEDURES PERFORMED AND RELATED RESULTS (CONTINUED)

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.

The Association does not have a formal general ledger accounting system. The Association utilizes water utility billing software to maintain customer accounts and the Money program to record accounting transaction details. Reports from the billing software and the Money program are used to produce monthly financial statements using Microsoft Excel. As a result, journal entries are not prepared.

However, adjustments are made as necessary to customer account balances in the water billing software and are generally related to the set up or termination of payment plans and lien filings. We noted that adjustments are authorized under established policies and procedures approved by the Board of Directors and that adjustments are reported to the Board as part of the financial presentation at monthly meetings. We reviewed support for four of the ten customer accounts adjusted in the year. No exceptions were noted testing the attributes above.

**LA JARA WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
December 31, 2014**

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.

From a review of meeting minutes and correspondence, we determined that the fiscal year 2014 original proposed and final budget was approved by the Association's Board through resolution in November 2013. Correspondence from the DFA-LGD indicated submission and approval. We also noted that there was one subsequent budget adjustment which increased total expenditures. The adjustment was approved by the Association's Board in October 2014 and submitted to DFA-LGD.

- 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's total actual expenditures did not exceed the final budget at the total fund level, which is 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 Schedule of Revenues and Expenditures - Budget and Actual - General Fund which is prepared on the accrual basis of accounting.

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
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND - ACCRUAL BASIS
Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Operations				
Water User Fees	\$ 87,577	85,577	83,847	(1,730)
Other Charges	14,866	14,866	14,765	(101)
Installment Plan Charges	1,374	1,374	807	(567)
Late Charges	2,835	2,835	2,513	(322)
Allowances and Deductions	(1,000)	(1,000)	443	1,443
Other				
Membership Fees	4,000	4,000	4,200	200
Interest	22	22	23	1
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Total revenues	109,674	107,674	106,598	(1,076)
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Expenditures				
Current:				
Personnel	49,004	50,057	49,875	182
Operating Costs	10,375	17,315	16,813	502
Administrative Costs	7,917	8,537	7,921	616
Travel and Training	1,625	1,165	1,131	34
Professional Services	3,959	3,959	4,109	(150)
Insurance	2,520	2,470	2,453	17
Debt Service	19,943	19,943	19,942	1
Capital Outlay	8,700	8,598	4,443	4,155
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Total expenditures	104,043	112,044	106,687	5,357
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Excess (Deficiency) of revenues over expenditures	5,631	(4,370)	<u>(89)</u>	<u>4,281</u>
 Prior Year Cash Balance Budgeted	 \$	 4,370		
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LA JARA MDWCA 2014 Q4 DFA REPORT

Jan 1, 2014 - Dec 31, 2014

BEGINNING 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
Total			74,399.94

	<u>2014 Budget (10/9/14)</u>			<u>2014 Actual</u>		
	<u>Operating</u>	<u>Other</u>	<u>Total</u>	<u>Operating</u>	<u>Other</u>	<u>Total</u>
INCOME						
Water sales	85,577	-		83,847.26	-	
Other charges	14,866	-		14,765.40	-	
Installment plan charges	1,374	-		806.64	-	
Late charges	2,835	-		2,512.60	-	
Adjustments	(1,000)	-		443.35	-	
Interest	-	22		-	22.94	
Membership fees	-	4,000		-	4,200.00	
Grant disbursements	-	-		-	-	
Loan disbursements	-	-		-	-	
Total cash income	103,652	4,022	107,674	102,375.25	4,222.94	106,598.19

EXPENDITURES

Personnel costs	50,057	-		49,874.53	-	
Operating costs	17,315	-		16,813.29	-	
Administrative costs	8,537	-		7,920.52	-	
Travel and training	1,165	-		1,130.71	-	
Professional services	3,959	-		4,109.00	-	
Loan interest	10,835	-		10,835.50	-	
Insurance	2,470	-		2,452.84	-	
Depreciation	17,800	(17,800)		17,771.82	(17,771.82)	
Loan principal payments	-	9,108		-	9,107.08	
Capital expenditures	-	5,098		-	2,782.50	
Increase in inventory	-	3,500		-	1,661.07	
Total cash expenditures	112,138	(94)	112,044	110,908.21	(4,221.17)	106,687.04

Decrease in accounts receivable	(1,518.77)
Increase in accounts payable	(47.64)

ENDING CASH BALANCES

Revenue account	Wells Fargo	Checking	3,237.85
RIP & Ops reserve account	Wells Fargo	Savings	11,553.94
Capital reserve account	Wells Fargo	Savings	46,192.23
RUS reserve	Wells Fargo	CD	11,688.32
Petty cash		Cash	72.34
Total			72,744.68

**LA JARA WATER USERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2014**

CURRENT YEAR FINDINGS

None

STATUS OF PRIOR YEAR FINDINGS

None

**LA JARA WATER USERS ASSOCIATION
EXIT CONFERENCE
December 31, 2014**

An exit conference was held via teleconference on May 14, 2015 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:

Shawn Mortensen, CPA, Manager