

**STATE OF NEW MEXICO  
NORTH RANCHOS DE PLACITAS  
WATER AND SANITATION DISTRICT**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**STATE OF NEW MEXICO  
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT**

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## **INTRODUCTORY SECTION**

STATE OF NEW MEXICO  
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT

OFFICIAL ROSTER  
JUNE 30, 2012

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>
Trey Young	President
Emil Schukar	Treasurer
Rob Oakes	Secretary
Brent Burdick	Director
Don Lewis	Director

ADMINISTRATION

Jeanne Burnley	Bookkeeper
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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Honorable Hector H. Balderas  
New Mexico State Auditor  
and  
Members of the Board  
North Ranchos de Placitas Water  
and Sanitation District  
Placitas, New Mexico

We have performed the procedures enumerated below, which were agreed to by the State of New Mexico North Ranchos de Placitas Water and Sanitation District (the District), solely to assist the District with respect to the District's cash and capital assets as of June 30, 2012, and the District's revenues, expenditures, and budget for the year ended June 30, 2012. The District's management is responsible for the company's accounting records and financial information. 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 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.

We were engaged to perform the following agreed-upon procedures for the time period July 1, 2011 to June 30, 2012:

1. CASH

- a. We obtained copies of all bank reconciliations as of June 30, 2012. We mathematically checked the bank reconciliations and compared the resultant cash balance per book to the respective general ledger account balance.
- b. We traced reconciled items reflected on the July 31, 2011 to June 30, 2012 bank statement to determine that they were cleared. We traced deposits in transit per the bank reconciliation to deposits in the cutoff bank statement, and inspected selected canceled image checks returned with the cutoff bank statement. We traced checks dated before the balance sheet date to the list of outstanding checks, and inspected the dates that checks cleared the bank.

Perform a random test of bank reconciliations for accuracy for the months of July and September 2011, March and June 2012. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

- c. We determined whether the local public body's financial institutions had provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act. This procedure is not applicable to the District because the bank account balance was less than \$250,000, the amount covered by FDIC.

We found no exceptions as a result of applying the procedures.

## 2. CAPITAL ASSETS

- a. We obtained a copy of the summary listing of inventory of assets, and compared it to the general ledger, and then compared it with prior period actual capital asset list, and reconciled any differences to current year additions and retirements.
- b. We performed an analytical review by examining invoices for significant repairs and maintenance expenditures, and determined if the expenditures contained significant components that should be capitalized as current year additions to property or equipment.

We found no exceptions as a result of applying the procedures.

## 3. REVENUE

- a. We obtained monthly water revenue billing reports and tied the totals to the general ledger.
- b. We performed an analytical review by testing actual revenue compared to budgeted revenue for the year for each type of revenue.
- c. We examined 326 transactions out of 2,300 water bills, representing \$10,689 revenue amounts out of \$77,962 total:
  - We examined each homeowner's water usage and compared that to the water billing amount for accuracy.
  - We traced the amount of revenue recorded in the general ledger to ensure those amounts match with supporting documents as well as checking bank statements for proper posting.
- d. We reviewed the general ledger account to ensure postings were properly classified, amounts were correct, and were recorded in the proper period with supporting documentation.

We found no exceptions as a result of applying the procedures.

## 4. EXPENDITURES

- a. We obtained twelve months cash disbursement reports.
- b. We selected 24 out of 104 cash transactions from the period July 1, 2011 to June 30, 2012, representing \$22,566 out of \$56,398 of total cash expenditures. We examined those 24 transactions for the following procedures:
  - Trace each cash disbursement transaction to vendor invoice to ensure the amount was properly calculated.
  - Each transaction was recorded in the proper period, and any outstanding check or item was not on the bank statement in the same accounting period as timing difference. This item was reflected as outstanding item on the District's bank reconciliation worksheet.
  - We examined each invoice by verify amount, payee, date and description to ensure invoice, purchase order, contract and canceled checks, were appropriately approved, recorded, and in compliance with the budget.
- c. We determined the bid process (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. NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

We found no exceptions as a result of applying the procedures.

5. JOURNAL ENTRIES

- a. We obtained monthly general ledger for the period July 1, 2011 to June 30, 2012. We scanned for non-routine journal entries, such as adjustments or reclassifications that were posted to the general ledger.
  - b. We determined journal entries appear reasonable and have supporting documentation.
- We found no exceptions as a result of applying the procedures.

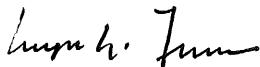
6. BUDGET

- a. We obtained the District's original fiscal year July 1, 2011 to June 30, 2012 annual budget approved by the Governing Body.
- b. We verified by reviewing minutes of meetings and correspondence, that the District did not make any changes to the approved final budget.
- c. We determined the total actual expenditures did not exceed the original budget for each fund.

We found no exceptions as a result of applying the procedures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the District's cash and capital assets as June 30, 2012 and the District's revenue, expenditures, and budget for the year ended June 30, 2012. 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, others within the District, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Gwen K. Farner, CPA  
Corrales, New Mexico  
August 31, 2012

## **SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
**NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted amount		Actual on Budgetary Basis	Variance Favorable (unfavorable)
	Original	Final		
Operating revenues:				
Charge for services & fees	\$ 70,000	\$ 70,000	\$ 74,356	\$ 4,356
Gross receipt tax	3,500	3,500	3,606	106
Total operating revenues	<u>73,500</u>	<u>73,500</u>	<u>77,962</u>	<u>4,462</u>
Operating expenses:				
Legal professional	13,500	13,500	9,962	3,538
Repairs and maintenance	35,000	35,000	13,590	21,410
Operating contract	12,000	12,000	10,871	1,129
Office and administrative expenses	10,000	10,000	8,321	1,679
Insurance	5,000	5,000	4,862	138
Taxes and fees	4,500	4,500	4,122	378
Utilities	10,000	10,000	8,778	1,222
Total operating expenses	<u>90,000</u>	<u>90,000</u>	<u>60,506</u>	<u>29,494</u>
Non-operating revenues/(expenses):				
Investment income	1,500	1,500	1,937	437
Property tax revenue	30,000	30,000	21,846	(8,154)
Capital outlay	(15,000)	(15,000)	-	15,000
Total non-operating revenues/(expenses)	<u>16,500</u>	<u>16,500</u>	<u>23,783</u>	<u>7,283</u>
Net income/(loss)	<u>\$ -</u>	<u>\$ -</u>	41,239	<u>\$ 41,239</u>
Reconciliation to GAAP Basis:				
Depreciation			(17,463)	
Amortization			(217)	
Change in net assets-GAAP basis			<u>\$ 23,559</u>	

**STATE OF NEW MEXICO**  
**NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

A. Prior year findings:

None

B. Current year findings:

None

**STATE OF NEW MEXICO**  
**NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT**  
**OTHER DISCLOSURES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**EXIT CONFERENCE**

This report was discussed with the following individuals at an exit conference held on Friday, August 31, 2012.

North Ranchos de Placitas Water and Sanitation District

Trey Young, President

Emil Schukar, Treasurer

Jeanne Burnley, Bookkeeper

Audit Firm

Gwen K Farner, CPA

Merwin L. Valdez, Staff Accountant

NORTH RANCHOS DE PLACITAS  
WATER AND SANITATION DISTRICT

Balance Sheet

as of

June 30, 2012

Unaudited Financial Statements

Assets

Current Assets

General Fund - Checking Acct.	\$ 146,889.85	
General Fund - CDs	205,814.70	
Edward Jones Acct. CD	76,844.23	
Accounts Receivable	8,881.17	
Prepaid Insurance	<u>2,431.96</u>	
		\$ 440,861.91

Fixed Assets

Land	13,263.63	
Plant in Service	584,670.48	
Office Equipment	1,870.69	
Accumulated Depreciation	<u>(280,076.16)</u>	
		319,728.64

Other Assets

Organization Costs		<u>4,000.56</u>
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Total Assets		<u>\$ 764,591.11</u>
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Liabilities & Equity

Current Liabilities

Accounts Payable		\$ 5,381.37
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Equity

Retained Earnings	735,650.85	
Current Earnings	<u>23,558.89</u>	
		<u>759,209.74</u>

Total Liabilities & Equity		<u>\$ 764,591.11</u>
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NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT

Income Statement as of June 30, 2012

Unaudited Financial Statements

11-12 YTD

Revenues

Standby Charges	\$ 5,580.00
Basic Service Fees	32,471.40
Water Usage Fees	35,124.38
Hook Up Fees	-
Other Fees	1,180.00
Gross Receipts Tax	3,606.17
	<u>77,961.95</u>

Operating Expenses

Auditing	3,223.13
Amortization	217.56
Chemicals & Testing	486.84
Depreciation	17,462.92
Dues - Seminars	410.00
Insurance	4,862.04
Miscellaneous (Election Exp)	741.92
Legal & Professional	6,738.55
Office & Admin Expense	7,578.90
R&M-Operations Contract	10,460.83
R&M-Repairs	11,205.80
R&M-Improvements	1,897.40
Taxes & Fees	4,122.49
Utilities	8,777.54
	<u>78,185.92</u>

Operating Income (Loss)	<u>(223.97)</u>
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Other Income

Interest Income	1,937.00
Tax Levy	22,066.53
Levy Fee	(220.67)
	<u>23,782.86</u>

Net income (loss)	<u>\$ 23,558.89</u>
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