

**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, 2014

**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, 2014**

BOARD OF DIRECTORS

<u>NAME</u>	<u>TITLE</u>
Trey Young	President
Emil Schukar	Treasurer
Kim Downing	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, 2014, and the District's revenues, expenditures, and budget for the year ended June 30, 2014. The District's management is responsible for the company's accounting records and financial information. This agreed-upon procedures engagement for Tier 4 of Audit Act, Section 12-3-3 B(4) NMSA 1978 and Section 2.2.2.16 NMAC 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, 2013 to June 30, 2014:

1. CASH

- a. We obtained copies of all bank reconciliations as of June 30, 2014. 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 1, 2013 to June 30, 2014 bank statements 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 were cleared the bank.

We performed a random test of bank reconciliations for accuracy for the months of July 2013, February, and June 2014. Also, the transactions were traced 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.
- c. We verified that the local public body was performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

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 397 transactions out of 2,328 water bills, representing \$13,098 revenue amounts out of \$75,053 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 disbursement reports.
- b. We selected 28 out of 114 transactions from the period July 1, 2013 to June 30, 2014, representing \$42,445 out of \$68,493 of total expenditures. We examined those 28 transactions for the following procedures:
 - We traced each 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, 2013 to June 30, 2014. We scanned for non-routine journal entries, such as adjustments or reclassifications that were posted to the general ledger.
- b. We selected 12 out of 84 journal entries. We examined those transactions for the procedures:
 - We examined how the entry was posted
 - Entry was consistently supported by reasonable documentation
 - Entry amount was reasonably stated
 - Entry was posted to proper accounts
- c. The local public body has procedures that require journal entries to be reviewed and there was evidence the reviews are being performed.

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

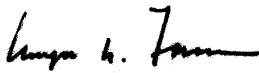
6. BUDGET

- a. We obtained the District's original fiscal year July 1, 2013 to June 30, 2014 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, 2014 and the District's revenue, expenditures, and budget for the year ended June 30, 2014. 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
October 9, 2014

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
BALANCE SHEET
AS OF
JUNE 30, 2014

<u>Current Assets</u>		
Checking Acct. - Compass Bank	\$ 45,853.31	
MM - Compass	10,101.71	
CD - Compass Bank	161,433.79	
MM - Washington Fed'l	196,569.88	
Edward Jones Acct. CD	77,274.04	
Accounts Receivable	10,349.80	
Prepaid Insurance	<u>2,448.98</u>	
		\$ 504,031.51
 <u>Fixed Assets</u>		
Land	13,263.63	
Plan in Service	584,670.48	
Office Equipment	1,870.69	
Accumulated Deprecation	<u>(315,002.00)</u>	
		284,802.80
 <u>Other Assets</u>		
Organization Costs		<u>3,565.44</u>
Total Assets		<u>\$ 792,399.75</u>
 <u>Current Liabilities</u>		
Accounts Payable		\$ 3,908.73
 <u>Equity</u>		
Retained Earnings	\$ 787,791.54	
Current Earnings	<u>699.48</u>	
		<u>788,491.02</u>
Total Liabilities & Equity		<u>\$ 792,399.75</u>

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
INCOME STATEMENT
AS OF
JUNE 30, 2014

	<u>Jun-14</u>	<u>June 30, 2014 YTD</u>
<u>Revenues</u>		
Standby Charges	\$ 142.50	\$ 5,490.00
Basic Service Fees	2,735.85	32,680.70
Water Usage Fees	3,959.41	32,417.75
Hook Up Fees	-	1,900.00
Other Fees	20.00	995.00
Gross Receipts Tax	353.40	3,469.35
	<u>7,211.16</u>	<u>76,952.80</u>
<u>Operating Expenses</u>		
Auditing	-	3,223.13
Amortization	18.13	217.56
Chemicals & Testing	616.67	1,135.99
Depreciation	1,456.05	17,462.92
Dues - Seminars	-	180.00
Insurance	408.17	4,898.00
Miscellaneous	-	1,159.97
Legal & Professional	-	481.39
Office & Admin Expense	507.21	8,289.36
R&M-Operations Contract	872.27	10,467.24
R&M-Repairs	80.04	16,099.29
R&M-Improvements	-	3,147.63
Taxes & Fees	379.54	3,899.26
Utilities	1,453.00	11,229.42
	<u>5,791.08</u>	<u>81,891.16</u>
Operating Income (Loss)	1,420.08	(4,938.36)
<u>Other Income</u>		
Interest Income	444.76	1,771.11
Tax Levy	506.14	3,905.78
Levy Fee	(5.07)	(39.05)
	<u>945.83</u>	<u>5,637.84</u>
Net Income (Loss)	<u>\$ 2,365.91</u>	<u>\$ 699.48</u>

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, 2014

	Budgeted amount		Actual on Budgetary Basis	Variance Favorable (unfavorable)
	Original	Final		
Operating revenues:				
Charge for services & fees	\$ 70,000	\$ 70,000	\$ 73,484	\$ 3,484
Gross receipt tax	3,500	3,500	3,469	(31)
Total operating revenues	<u>73,500</u>	<u>73,500</u>	<u>76,953</u>	<u>3,453</u>
Operating expenses:				
Audit	3,500	3,500	3,223	277
Legal professional	10,000	10,000	481	9,519
Repairs and maintenance	20,000	20,000	20,383	(383)
Operating contract	12,000	12,000	10,647	1,353
Office and administrative expenses	10,000	10,000	9,449	551
Insurance	5,000	5,000	4,898	102
Taxes and fees	4,500	4,500	3,899	601
Utilities	15,000	15,000	11,229	3,771
Total operating expenses	<u>80,000</u>	<u>80,000</u>	<u>64,209</u>	<u>15,791</u>
Non-operating revenues/(expenses):				
Investment income	1,500	1,500	1,771	271
Property tax revenue	10,000	10,000	3,867	(6,133)
Capital Outlay	(5,000)	(5,000)	-	5,000
Total non-operating revenues/(expenses)	<u>6,500</u>	<u>6,500</u>	<u>5,638</u>	<u>(862)</u>
Net income/(loss)	<u>\$ -</u>	<u>\$ -</u>	18,382	<u>\$ 18,382</u>
Reconciliation to GAAP Basis:				
Depreciation			(17,463)	
Amortization			(217)	
Change in net assets-GAAP basis			<u>\$ 702</u>	

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014

EXIT CONFERENCE

This report was discussed with the following individuals at an exit conference held on October 9, 2014.

North Ranchos de Placitas Water and Sanitation District

Emil Schukar, Treasurer

Jeanne Burnley, Bookkeeper

Audit Firm

Gwen K Farner, CPA

Merwin L. Valdez, Staff Accountant