

**STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT**

**Independent Accountants' Report on
Applying Tier 4 Agreed-Upon Procedures**

For the Period July 1, 2018 through June 30, 2019



STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
JUNE 30, 2019
Table of Contents

	Page
Official Roster	1
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	2
Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis)	7
Year-End Financial Report Submitted to DFA	8-9
Schedule of Findings and Responses	10
Status of Prior Year Findings	10
Exit Conference.....	11

**STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
OFFICIAL ROSTER
JUNE 30, 2019**

Board of Directors

<u>Name</u>	<u>Title</u>
Sam Wasson	President
Phillip Rust	Vice-President
Colleen Rust	Treasurer

Administrative Officials

Jean Thomsen-Youel	Secretary
Annette Ackerman	Bookkeeper



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Ranchos de Placitas Sanitation District
and
Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by State of New Mexico Ranchos de Placitas Sanitation District (the "District") and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the District's financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, and Budget information and its compliance with Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2019. The District is responsible for its financial reporting and compliance as described above. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, my procedures and associated findings are as follows:

1. REVENUE DETERMINATION

Procedures

Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tier System Reporting Main Page".

Findings

The District's revenue calculation and tier determination were verified as correct. Total revenue was \$96,996, with no state capital outlay, which requires Tier 4 agreed-upon procedures.

P.O. Box 67315 Albuquerque, NM 87193 JhartoCPA.com 505.280.9081

2. CASH

Procedures

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. For purposes of performing my procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the District.

b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

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.

Findings

Bank accounts were complete and reconciled timely. 4 of 12 operating account reconciliations were tested for accuracy and traced to the general ledger without exception. However, the District's money market account reconciliation at June 30, 2019 was inaccurate. See item 2019-001 in the accompanying schedule of findings and responses. Financial reports were submitted to DFA without exception. Pledged collateral was not required.

3. CAPITAL ASSETS

Procedures

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

Findings

The District performed their annual capital asset inventory without exception.

4. REVENUE

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

c) 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.

Findings

Revenue was analytically tested and met expectations without exception. 24 receipts totaling \$30,836 were tested and were determined to be properly recorded as to amount, classification and period.

5. EXPENDITURES

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

a) Determine that 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 cancelled check, as appropriate.

b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

c) 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Findings

9 disbursements totaling \$94,317 were tested. Disbursements tested were accurate as to amount, payee, date and description, were properly authorized, and were in compliance with the budget, the NM Procurement Code, and the Per Diem and Mileage Act, where applicable.

6. JOURNAL ENTRIES

Procedures

Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:

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

Findings

All non-routine journal entries were tested. The entries were reasonable, had adequate support, and were reviewed and authorized by the Board of Directors.

7. BUDGET

Procedures

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

- a) 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.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.
- c) 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.

Findings

The budget was reviewed and determined to be properly authorized. Expenditures were less than budgeted amounts at the fund level, which is the legal level of budgetary control. The Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis) is presented on page 7 of this report.

8. OTHER

Procedures

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(L) NMAC.

Findings

Nothing noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the District's financial reporting and compliance as described above. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the State of New Mexico Ranchos de Placitas Sanitation District, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration Local Government Division, and is not intended to be and should not be used by anyone other than those specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
December 9, 2019

**SCHEDULE OF REVENUES &
EXPENDITURES - BUDGET AND
ACTUAL (CASH BASIS)**

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES:				
Sales and service fees	\$ 53,500	\$ 53,500	\$ 59,210	\$ 5,710
Interest income	1,600	1,600	2,329	729
Revenue from leases	35,450	35,450	35,457	7
Total Revenues	<u>\$ 90,550</u>	<u>\$ 90,550</u>	<u>\$ 96,996</u>	<u>\$ 6,446</u>
EXPENDITURES:				
Audit fees	\$ 2,400	\$ 2,400	\$ 2,373	\$ 27
Insurance	3,500	3,500	3,071	429
Utilities	8,500	8,500	7,789	711
Legal and professional fees	4,000	4,000	1,672	2,328
System operator contract	13,500	13,500	11,851	1,649
Repairs and maintenance	115,000	210,000	209,833	167
Office supplies	500	500	181	319
Bookkeeping	11,000	11,000	9,720	1,280
Gross receipts tax	2,600	2,600	2,940	(340)
Conservation fee	330	330	142	188
Other expenses	2,000	2,000	1,306	694
Total expenditures	<u>\$ 163,330</u>	<u>\$ 258,330</u>	<u>\$ 250,878</u>	<u>\$ 7,452</u>
Cash available to balance budget	<u>\$ 72,780</u>	<u>\$ 167,780</u>		

YEAR-END FINANCIAL REPORT
SUBMITTED TO DFA

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2019

SPECIAL DISTRICT: Ranchos de Placitas Sanitation District
 QUARTER ENDING: 6/30/19

REVENUES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	YTD % OF BUDGET
General Fund 101 (enter items below)				
SALES & SERVICE FEES	13,307	59,210	53,500	111%
INTEREST INCOME	2,301	2,329	1,600	146%
REVENUE FROM LEASES	8,864	35,457	35,450	100%
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal General Fund Revenues	\$ 24,472	\$ 96,997	\$ 90,550	107%
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL GENERAL FUND REVENUES	\$ 24,472	\$ 96,997	\$ 90,550	107%
Intergovernmental Grants 218 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal Intergovernmental Grants Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL INTERGOV. GRANT REVENUES	\$ -	\$ -	\$ -	-
Other 299 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Subtotal Other 299 Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL OTHER REVENUES	\$ -	\$ -	\$ -	-
Debt Service 400				
General Obligation Bonds				
General Obligation - (Property tax)	-	-	-	-
Investment Income	-	-	-	-
Other - Misc	-	-	-	-
Revenue Bonds				
Bond Proceeds	-	-	-	-
Revenue Bonds - GRT	-	-	-	-
Investment Income	-	-	-	-
Revenue Bonds - Other	-	-	-	-
Miscellaneous(NMFA, BOF, etc.)	-	-	-	-
Subtotal Debt Service Fund Revenues	\$ -	\$ -	\$ -	-
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	\$ -	\$ -	\$ -	-
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -	-
GRAND TOTAL REVENUES	\$ 24,472	\$ 96,997	\$ 90,550	107%

REVENUES

8/22/2019 Special_District_Quarterly_Report_Form_16 4th Quarter 2018 RDP

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2019

SPECIAL DISTRICT: Ranchos de Placitas Sanitation District
 QUARTER ENDING: 6/30/19

EXPENDITURES	CURRENT QUARTER	YEAR TO DATE	APPROVED BUDGET	YTD % OF BUDGET
General Fund 101 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
AUDITING	-	2,373	2,400	99%
INSURANCE	285	3,071	3,500	88%
UTILITIES	1,470	7,789	8,500	92%
LEGAL & PROFESSIONAL FEES	832	1,672	4,000	42%
SYSTEM OPERATOR CONTRACT	2,888	11,851	13,500	88%
REPAIR & MAINTENANCE	42,529	209,833	210,000	100%
OFFICE SUPPLIES	181	181	500	36%
BOOKKEEPING FEES	2,349	9,720	11,000	88%
GROSS RECEIPTS TAX	678	2,940	2,600	113%
CONSERVATION FEE	-	142	330	43%
MISCELLANEOUS EXPENSE	64	1,306	2,000	65%
	-	-	-	-
	-	-	-	-
	-	-	-	-
TOTAL GENERAL FUND EXPENDITURES	\$ 51,275	\$ 250,879	\$ 258,330	97%
Intergovernmental Grants 218 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
TOTAL INTERGOV. GRANT EXPENDITURES	\$ -	\$ -	\$ -	-
Other 299 (enter items below)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
TOTAL OTHER EXPENDITURES	\$ -	\$ -	\$ -	-
Debt Service 400				
Bond Payments Principal	-	-	-	-
Bond Payments- Interest	-	-	-	-
Other Debt Service	-	-	-	-
TOTAL DEBT SERVICE EXPENDITURES	\$ -	\$ -	\$ -	-
GRAND TOTAL EXPENDITURES	\$ 51,275	\$ 250,879	\$ 258,330	97%

**STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

Current Year Findings

2019-001 – Bank Reconciliation Inaccurate (control deficiency)

Condition: There was an unreconciled difference of \$8 between the District's Washington Federal money market statement and the general ledger balance at June 30, 2019.

Criteria: Proper internal controls over cash includes accurate reconciliations between the statement and general ledger balances and a subsequent review for accuracy by someone independent of the reconciliation process.

Cause: It was a clerical error that was not corrected.

Effect: Cash and cash equivalents reported to the Board of Directors, DFA and others was inaccurate by \$8.

Recommendation: The bank reconciliation approval process should include two additional steps to review for accuracy. Step 1 is to compare the bank statement balance to the cleared balance on the reconciliation. The second step is to compare the register balance from the reconciliation to the actual balance in QuickBooks at the reconciliation date.

Agency Response: The Board Directors and bookkeeper will immediately begin implementing the following recommended steps; 1. compare the bank statement balance to the cleared balance on the reconciliation, 2. compare the register balance from the reconciliation to the actual balance in QuickBooks at the reconciliation date.

Prior Year Findings

None.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2019

The report contents were discussed at an exit conference held on December 11, 2019 with the following in attendance:

Ranchos de Placitas Sanitation District

Colleen Rust	Treasurer
Annette Ackerman	Bookkeeper

James L. Hartogenesis, CPA LLC

James Hartogenesis, CPA, CGFM	Principal
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