



State of New Mexico
Ranchos de Placitas
Sanitation District

Audited Financial Statements

For the Fiscal Year Ended June 30, 2008

Gwen K. Farner, CPA

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT

OFFICIAL ROSTER

BOARD OF DIRECTORS

Chairman/Director	Stanley Ketchum
Treasurer/Director	James M. Ersfeld
Member	Sam Wasson

ADMINISTRATIVE OFFICIALS

Secretary	Nancy Worden
Bookkeeper	Jeanne Burnley

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT

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JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Honorable Hector H. Balderas
New Mexico State Auditor
and
Members of the Board
Ranchos de Placitas Sanitation District
Placitas, New Mexico 87043

I have audited the accompanying financial statements of the business-type activities of the State of New Mexico Ranchos de Placitas Sanitation District (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. I also have audited the budgetary comparison presented as supplementary information in the financial statements for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 12, 2008, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The State of New Mexico, Ranchos de Placitas Sanitation District has not presented the Management's Discussion and Analysis required by GAAP that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

Gwen K. Farner, CPA
Corrales, New Mexico
September 12, 2008

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
PROPRIETARY FUND
BALANCE SHEET
AS OF JUNE 30, 2008

ASSETS

Current assets:	
Cash	\$ 34,204
Investments	162,030
Receivables	7,058
Prepaid expenses	<u>1,108</u>
Total current assets	<u>204,400</u>
Noncurrent assets:	
Capital assets:	
Property, plant & equipment	437,076
Less accumulated depreciation	<u>(287,415)</u>
Total noncurrent assets	<u>149,661</u>
Total Assets	<u><u>\$ 354,061</u></u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 2,499
Deferred revenue	<u>253</u>
Total liabilities	<u>2,752</u>

NET ASSETS

Invested in capital assets	149,661
Unrestricted	<u>201,648</u>
Total net assets	<u>351,309</u>
Total liabilities and net assets	<u><u>\$ 354,061</u></u>

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Operating revenues:	
Charges for services and fees	\$ 22,654
Miscellaneous revenues	1,076
	<u>23,730</u>
Total operating revenues	<u>23,730</u>
Operating expenses:	
Repairs and maintenance	22,990
Depreciation	7,050
Utilities	6,234
Office expense - bookkeeping	3,339
Insurance	2,274
Auditing	2,346
Legal & Professional	1,408
Gross receipts tax	1,054
Resolution fees	480
Water sampling testing	388
Taxes - conservation fees	423
Office expense - other	199
	<u>48,185</u>
Total operating expenses	<u>48,185</u>
Operating income (loss)	<u>(24,455)</u>
Non operating revenues	
Revenue from leases	27,000
Interest income	7,541
	<u>34,541</u>
Total non operating revenues	<u>34,541</u>
Change in net assets	10,086
Total net assets - beginning of the year	<u>341,223</u>
Total net assets - end of the year	<u>\$ 351,309</u>

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:	
Received from customer services and fees	\$ 23,144
Paid to suppliers for goods and services	<u>(41,950)</u>
Net cash provided (used) by operating activities	<u>(18,806)</u>
Cash flows from noncapital financing activities	
Investment income	7,541
Investments in certificates of deposit	<u>(3,925)</u>
Net cash provided by noncapital financing activities	<u>3,616</u>
Cash flows from capital and related financing activities:	
Revenues from leases	<u>27,000</u>
Net cash provided (used) by capital and related financing activities	<u>27,000</u>
NET INCREASE CASH AND CASH EQUIVALENTS	11,810
Cash and cash equivalents at Junu 30, 2007	<u>22,394</u>
Cash and cash equivalents at June 30, 2008	<u>\$ 34,204</u>
RECONCILIATION OF OPERATION INCOME (LOSS) TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (24,455)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	7,050
Changes in assets and liabilities:	
(increase) decrease in:	
Accounts receivable	(742)
Prepaid insurance	57
(decrease) increase in:	
Accounts payable	(872)
Deferred revenue	<u>156</u>
Net cash provided (used) by operating activities	<u>\$ (18,806)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **Organizational and Background**

The Ranchos de Placitas Sanitation District (the District) was established under the Laws of 1919, under the provisions of the act now referred to as Chapter 75, Article 1, NMSA 1978.

The Board consists of three members elected by the resident landowners for terms of six years. The Board shall appoint qualified personnel to guide and direct the operations of the agency.

2. **Summary of Significant Accounting Policies**

The District's financial statements are prepared with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement provides the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on the size of the government.

In June 2001, the GASB unanimously approved Statement No. 37, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement 34 and should be implemented simultaneously with Statement 34. Statement 38 modifies, establishes and rescinds financial statement disclosure requirements.

The District implemented the provisions of GASB Statement No. 34, 37 and 38 effective July 1, 2003. As part of this Statement, there is a new reporting requirement regarding the government's infrastructure (roads, bridges, etc.). The District has infrastructure assets and therefore is affected by this requirement. In addition, Ranchos de Placitas Sanitation District does not have any fiduciary funds.

a. **Reporting Entity**

The District includes the accounts of all District operations. The criteria for including organizations within the director's reporting entity primarily include the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing arrangements, regardless of whether the District is able to exercise oversight responsibilities. The District is not included in any other governmental reporting entity as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*.

There were no component units for the Ranchos de Placitas Sanitation District during the fiscal year ended June 30, 2008, and it is not a component unit of another entity.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

b. Governmental-Wide Financial Statements

The statement of net assets and the statement of activities display information about the primary District. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other Nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The government-wide financial statements are reported using the accrual basis of accounting and are reported using the economic resources measurement focus.

c. Fund Accounting

The accounts of the District are organized on the basis of one fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts, which comprises its assets, liabilities, fund equity, revenues and expenses. In this report, the fund is presented in the financial statements as a proprietary fund.

d. Proprietary Fund

The accounts of the District are organized on the basis of one fund which is considered a separate accounting entity. This fund is an enterprise fund, a type of proprietary fund, which is used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The measurement focus of proprietary funds is on the determination of net income, financial position and cash flow. This means that all assets and all liabilities (whether current or non-current) associated with their activities are included on the balance sheet.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB Pronouncements.

e. Capital assets (Utility Plan in Service)

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. The capital assets are stated at cost less accumulated depreciation. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives assigned to these assets are as follows:

<u>Estimated lives</u>	<u>Years</u>
Buildings	20
Distribution plant	20-33
Equipment	5-10

It is the policy of the District to capitalize the cost of infrastructure assets (water and sewer lines). Interest incurred during the construction period of major projects is capitalized and depreciated over the estimated lives of the respective assets. During the current period there were no major projects. Beginning in fiscal year 2006, the capital assets are defined by the District as an asset with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

f. Basis of accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when earned and expenses are recognized when incurred. Billed water services receivables are recorded at year end. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus.

g. Budget and budgetary accounting

The District follows budgetary procedures that are promulgated by the State Department of Finance and Administration (DFA), Local Government Division. Each year, the District is required to submit to DFA a proposed budget together with a resolution adopted by its Board of Directors. Approval is required by the DFA, Local Government Division, for any revisions that alter the total budgeted expenditures for the District. Transfers between line items require approval by the Board of Directors. Total expenditures plus accounts payable may not legally exceed the approved operating budget for the fiscal year.

h. Cash Equivalents

Amounts reflected as "cash and cash equivalents" on the balance sheet include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. Investments, primarily certificates of deposits with financial institutions, are stated at cost or amortized cost, which approximates their market value.

i. Lease – Revenues

The District received monthly lease revenues from T-Mobile and Cingular companies for the amounts of \$1,150, and \$1,100 respectively for using the District's land for cellular towers. This resulted in lease revenue totaling \$27,000 for the year ended June 30, 2008.

j. Accounts Receivable

No allowance for doubtful accounts is provided. All receivables are considered current and collectible, and those which become uncollectible will be adjusted from the records.

k. Comparative Data

Comparative total data for the prior year has not been presented in the accompanying financial statements.

l. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District pays an annual premium for all of the above risks.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

m. Estimation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

n. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Its also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. The District reports expenses related to the use of economic resources.

o. Restricted and Unrestricted Resources

Restricted resources are used for expenses only after unrestricted resources are depleted.

3. Changes in Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2008 is as follows:

Business type activities	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets:				
Land	\$ 7,434	\$ -	\$ -	\$ 7,434
Water rights	48,862	-	-	48,862
Total assets are not being depreciated	<u>56,296</u>	-	-	<u>56,296</u>
Equipment	163,277	-	-	163,277
Distribution plant	205,268	-	-	205,268
Building	12,235	-	-	12,235
Total assets are being depreciated	<u>380,780</u>	-	-	<u>380,780</u>
Total capital assets before depreciation	<u>437,076</u>	-	-	<u>437,076</u>
Less accumulated depreciation for:				
Equipment	(151,201)	(2,409)	-	(153,610)
Distribution plant	(118,328)	(4,548)	-	(122,876)
Building	(10,836)	(93)	-	(10,929)
	<u>(280,365)</u>	<u>(7,050)</u>	-	<u>(287,415)</u>
Capital assets, net	<u>\$ 156,711</u>	<u>\$ (7,050)</u>	<u>\$ -</u>	<u>\$ 149,661</u>

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

4. Summary of cash and investment accounts

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, annotated, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

All money not immediately necessary for the public uses of the District may be invested in:

- a) bonds or negotiable securities of the United States, the state or any county, municipality, or town which has a taxable valuation of real property for the last preceding year of at least one million (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding; or
- b) securities that are issued by the United States government or its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government; or
- c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specific time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for an investment in the contracts provided in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

At June 30, 2008, the federal deposit insurance corporation insured all accounts of the District.

Depository	Account Name	Maturity Date	Type of Account	Bank Balance
First Community Bank	Checking	-	Checking	\$ 19,232
	Certificate of Deposit	11/22/08	CD	75,000
	Total First Community Bank			<u>94,232</u>
	Less: FDIC coverage			<u>94,232</u>
	Total not federally insured			<u>\$ -</u>
Bank of Albuquerque	Checking	-	Checking	\$ 14,982
	Total Bank of Albuquerque			<u>14,982</u>
	Less: FDIC coverage			<u>14,982</u>
	Total not federally insured			<u>\$ -</u>
Charter Bank	Certificate of Deposit	06/09/09	CD	87,030
	Total Charter Bank			<u>87,030</u>
	Less: FDIC coverage			<u>87,030</u>
	Total not federally insured			<u>\$ -</u>
	Total cash in bank			196,244
	Less outstanding checks			(10)
	Less investments			(162,030)
	Reconciled cash balance per balance sheet			<u>\$ 34,204</u>

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. All of the cash and investments of the District at June 30, 2008 were in demand deposits, savings, or certificates of deposits. The investments are stated at cost, which also approximates market value. The District's practice is to limit deposits and investments to insured and collateralized time accounts and certificates of deposits. The federal deposit insurance corporation provides protection of the District's cash and investments. The District's bank balance was not subject to custodial credit risk because it was fully insured by the FDIC.

5. Pension Plan, Deferred Compensation, and Retiree Health Care

The District had no employees during the year, and therefore, did not participate in the Public Employees' Retirement Act (PERA) of the State of New Mexico, a deferred compensation plan, or the Retiree Health Care Act program.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

6. Revenues – Charge for Services and Fees

Charge for services and fees are composed of quarterly basic fees, standby fees, water usage, hook up and gross receipt tax. The quarterly basic charge is \$25.50 per water meter. Standby fees are \$21.00 per quarter for each vacant lot. Water usage fees are measured in increments per thousand gallons. The following table lists the water rates:

- \$0.55 per 1,000 gallons up to 10,000 gallons;
- \$0.65 per 1,000 gallons over 10,000 gallons up to 25,000 gallons;
- \$0.80 per 1,000 gallons over 25,000 gallons up to 50,000 gallons;
- \$1.00 per 1,000 gallons over 50,000 gallons up to 75,000 gallons;
- \$1.50 per 1,000 gallons over 75,000 gallons up to 100,000 gallons;
- \$2.00 per 1,000 gallons over 100,000 gallons.

The charges for services and fees are stated as follows:

	<u>2008</u>	<u>2007</u>
Water Sales	\$20,457	\$18,027
Standby Charges	2,100	2,100
Meter Installation Fees	-	1,746
Late Fees	97	76
 Total charges for service and fees	 <u>\$22,654</u>	 <u>\$ 21,949</u>

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2008

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for services and fees	\$ 24,450	\$ 24,450	\$ 22,654	\$ (1,796)
Miscellaneous revenues	1,130	1,130	1,076	(54)
Total revenues	<u>25,580</u>	<u>25,580</u>	<u>23,730</u>	<u>(1,850)</u>
Expenses:				
Repairs and maintenance	23,000	23,000	22,990	10
Utilities	7,000	7,000	6,234	766
Office expense	700	700	199	501
Insurance	3,000	2,500	2,274	226
Legal, accounting and audit	8,900	8,900	7,093	1,807
Resolution fees	500	500	480	20
Water sampling testing	1,300	1,800	388	1,412
Taxes	875	875	423	452
Gross receipts tax	1,130	1,130	1,054	76
Total expenditures	<u>46,405</u>	<u>46,405</u>	<u>41,135</u>	<u>5,270</u>
Non-operating revenues				
Revenue from lease	27,000	27,000	27,000	-
Investment income	6,500	6,500	7,541	1,041
Capital improvement	(12,675)	(12,675)		12,675
Total non-operating revenue	<u>20,825</u>	<u>20,825</u>	<u>34,541</u>	<u>13,716</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	17,136	<u>\$ 17,136</u>
RECONCILIATION TO GAAP:				
Depreciation			(7,050)	
Change in net assets - GAAP basis			<u>\$ 10,086</u>	

CERTIFIED PUBLIC ACCOUNTANT
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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Hector H. Balderas
New Mexico State Auditor
and
Members of the Board
Ranchos de Placitas Sanitation District
Placitas, New Mexico 87043

I have audited the financial statements of the business-type activities of the State of New Mexico Ranchos de Placitas Sanitation District (the District) as of and for the year ended June 30, 2008, and have issued my report thereon dated September 12, 2008. I also have audited the budgetary comparison presented as supplementary information in the financial statements for the year ended June 30, 2008, as listed in the table of contents. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, other within the District, the audit committee, and 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
September 12, 2008

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2008

CURRENT YEAR FINDINGS

There were no findings for the current year.

PRIOR YEAR FINDINGS

There were no prior year findings.

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
OTHER DISCLOSURES
JUNE 30, 2008

This report was discussed with following individuals at an exit conference held on September 15, 2008.

Representing the Ranchos de Placitas Sanitation District was:

James M. Ersfeld, Treasurer/Director

Jeanne Burnley, Bookkeeper

Representing the firm of Gwen K. Farner, CPA was:

Gwen K. Farner

Preparation of Financial Statements

The financial statements and notes to the financial statements for the year ended June 30, 2008, were substantially prepared by the independent certified public accountant performing the audit; however, maintaining the audited entity's books and records is the responsibility of its management. Accordingly, management is responsible for ensuring that these books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance.