

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**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, 2009**

BOARD OF DIRECTORS

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

ADMINISTRATION

Jeanne Burnley	Bookkeeper
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Gwen K. Farner

CERTIFIED PUBLIC ACCOUNTANT
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Corrales, NM 87048
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INDEPENDENT AUDITOR'S REPORT

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

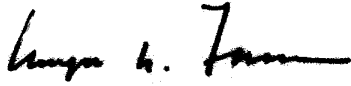
I have audited the accompanying financial statements of the business-type activities of the State of New Mexico North Ranchos de Placitas Water and Sanitation District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed 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, 2009, 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 the 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, 2009, and the respective changes in its financial position, cash flows, thereof for the year then ended and in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison of the District for the year ended June 30, 2009 in conformity with the accounting principles described in Note 2, f.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 27, 2009, 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, 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 the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The State of New Mexico, North Ranchos de Placitas Water and 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.

A handwritten signature in black ink, appearing to read "Gwen K. Farner". The signature is fluid and cursive, with a prominent loop at the end.

Gwen K. Farner, CPA
Corrales, New Mexico
August 27, 2009

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
ENTERPRISE FUND
BALANCE SHEET
JUNE 30, 2009

Assets

Current assets:	
Cash and cash equivalents	\$ 300,079
Accounts receivable	8,060
Tax levy receivable	554
Prepaid insurance	<u>2,354</u>
Total current assets	<u>311,047</u>
Noncurrent assets:	
Capital assets (net) (NOTE 3)	374,236
Other assets:	
Organization cost (net)	<u>4,653</u>
Total noncurrent assets	<u>378,889</u>
Total assets	<u><u>\$ 689,936</u></u>

Liabilities

Current liabilities:	
Accounts payable	\$ 2,613
Deferred revenue	<u>1,069</u>
Total Liabilities	<u>3,682</u>

Net Assets:

Investment in capital assets	378,889
Unrestricted	<u>307,365</u>
Total Net Assets	<u>686,254</u>
Total Liabilities and Net Assets	<u><u>\$ 689,936</u></u>

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
Statement of Revenues, Expenses and Change in Fund Net Assets
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2009

Operating revenues:	
Charges for services and fees	\$ 73,762
Miscellaneous revenues	3,465
Total operating revenues	<u>77,227</u>
Operating expenses:	
Amortization	218
Legal and professional	8,235
Depreciation	19,581
Insurance	4,682
Office and administrative expense	8,060
Operations contract	10,242
Repairs and maintenance	17,277
Taxes and fees	3,896
Utilities	7,057
Total operating expenses	<u>79,248</u>
Operating loss	(2,021)
Nonoperating revenues/expenses:	
Property tax levy	91,858
Property tax levy fees	(919)
Interest income	5,546
Total nonoperating revenues (expenses)	<u>96,485</u>
Change in Net Assets	94,464
Net Assets - beginning of year	<u>591,790</u>
Net Assets - end of year	<u><u>\$ 686,254</u></u>

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:	
Cash received from customers	\$ 77,552
Cash paid to suppliers	(59,591)
	17,961
Cash flows from noncapital financing activities:	
Tax levy, net	90,894
	90,894
Cash flows from investing activities:	
Interest from investment	5,546
	5,546
Net cash provided by investing activities	114,401
Cash, beginning	185,678
Cash, ending	\$ 300,079
Reconciliation of operating income to net cash:	
Operating loss	\$ (2,021)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation	19,581
Amortization	218
Change in assets and liabilities:	
Increase in:	
Accounts receivable	(34)
Prepaid insurance	(26)
Deferred revenue	229
Accounts payable	14
Net cash used by operating activities	\$ 17,961

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. ORGANIZATION AND BACKGROUND

The North Ranchos de Placitas Water and Sanitation District (District) was established under the Law of 1991, under the provisions of the act now referred to as Chapter 73, Article 21, NMSA 1978.

The District was organized in March 1990 and acquired all of the assets of Ranchos de Placitas Water Company, Inc. on December 3, 1990. The Public Service District of New Mexico approved the transfer of ownership and operation on March 4, 1991.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Implementation of New Accounting Principles – The District has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement affects the manner in which the District records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No.34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The District is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, and is not a component unit of the executive branch and these financial statements include all funds, programs and activities in the State of New Mexico. The District has no component units; therefore, component units are not represented in the financial report.

The District has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

The District's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The new reporting model, GASB #34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of governmental fund. The financial statements include the proprietary fund of the District over which the Board of Directors exercises operating control. Operation of the District is to provide the water services.

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

MEASUREMENT-FOCUS, BASIS OF ACCOUNTING

The District's enterprise fund financial statements are prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The District's revenues are recognized when earned and expenses are recognized when incurred. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The District considers all revenues available if they are collectable within 60 days after year end. Property taxes are considered revenue when they are levied, even if enforceable legal claims arise or the due date for payment occurs in a different period. A Non-exchange transaction, in which the District receives value (funds) without directly giving equal value in exchange, including grants, tax leverages, and entitlements.

a. ENTERPRISE 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 or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The measurement focus of an enterprise fund is on the determination of net income, financial position, and cash flows. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on the balance sheet.

Enterprise fund distinguish operating revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes as operating revenue connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported nonoperating revenues and expenses.

Enterprise funds are reported based on all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

b. FIDUCIARY FUND

Fiduciary funds are used to report assets held in trustee or agency capacity for others and therefore are available to support District expenditures. The homeowners are not required to make deposit in advance for services; therefore, fiduciary fund is not applicable to the District.

c. CASH AND 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 investment with a maturity date within six month of the

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

date acquired by the District. Investments primarily certificates of deposits with financial institutions are stated at cost of amortized cost which approximates their market value.

d. 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. The District's accounts receivable as of June 30, 2009:

Accounts receivable as of June 30, 2009:

<u>Description:</u>	<u>Amount</u>
Water revenues	\$ 8,060
Tax levy receivable	554
	\$ 8,614

e. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at historical cost, less of accumulated depreciation. Depreciation has been provided over the estimated useful lives using the straight-line method. The District's major infrastructures network – Plant, structures water-lines. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Estimated lives</u>	<u>Years</u>
Plant, structures water- lines	20 - 50
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, capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. HB 1074 passed by the New Mexico State Legislature changed the capitalization threshold for movable chattel and equipment from \$1,000 to \$5,000 beginning in fiscal year 2006.

f. BUDGETS 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. The budget is adopted on the modified accrual basis of accounting.

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

g. INVESTMENT IN CAPITAL ASSETS, NET RELATED DEBT

The investment in capital assets, net related debt is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding liquid assets and any associated un-amortized cost.

h. RESTRICTED OR UNRESTRICTED RESOURCES

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

i. USE OF ESTIMATES

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

j. CONTRIBUTED CAPITAL

On July 1, 2000, the District was required to adopt Governmental Accounting Standards Board's (GASB) statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. This statement requires governments to recognize capital contributions to proprietary funds as revenues, instead of contributed capital. Previously, grants, entitlements, shared revenues and the fair market value of donated property received by the District which were restricted for the acquisition or construction of capital assets were recorded as contributed capital.

k. NET ASSETS

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investment is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3. CHANGES IN CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2009 are as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Land	\$ 13,263	\$ -	\$ -	\$ 13,263
Total capital assets that are not being depreciated	13,263	-	-	13,263
Plant in service	584,670	-	-	584,670
Office equipment	1,871	-	-	1,871
Total capital assets that are being depreciated	586,541	-	-	586,541
Total capital assets	599,804	-	-	599,804
Less accumulated depreciation for:				
Plant in service	204,117	19,581		223,698
Office equipment	1,870	-		1,870
Total accumulated depreciation	205,987	19,581	-	225,568
Capital assets, net	\$ 393,817	\$ (19,581)	\$ -	\$ 374,236

NOTE 4. 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 contractors, and natural disasters. The District pays an annual premium for all of the above risk. The District has had no claims in the past three years.

NOTE 5. CASH AND CASH EQUIVALENTS

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 by 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

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

- c. in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified 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.

All of the cash and investments of the District at June 30, 2009 were in time 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 District does not have a deposit policy.

The Federal Deposit Insurance Corporation provides protection of the District's cash and investments. All of the District's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured and are held in the District's name. All of the investments are of Category 1 type. At June 30, 2009, the Federal Deposit Insurance Corporation insured all accounts of the District. The standard insurance amount of \$250,000 per depositor is in effect from October 1, 2008 through December 31, 2013. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all account categories except IRAs and other certain retirement accounts, which will remain at \$250,000 per depositor.

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

<u>Depository</u>	<u>Account Name</u>	<u>Maturity</u> <u>Date</u>	<u>Type of</u> <u>Account</u>	<u>Bank</u> <u>Balance</u>
First Community Bank	Checking		Checking	\$ 146,609
	Total First Community Bank and Trust			146,609
	Less FDIC coverage			(146,609)
	Total uninsured funds			-
	50% collateral requirement			-
	Over (Under)			<u>\$ -</u>
Charter Bank	Certificate of Deposit	6/18/2010	CD	\$ 102,182
	Total Charter Bank and Trust			102,182
	Less FDIC coverage			(102,182)
	Total uninsured funds			-
	50% collateral requirement			-
	Over (Under)			<u>\$ -</u>
Edward Jones	Certificate of Deposit	3/30/2010	CD	\$ 51,861
	Total Edward Jones			51,861
	Less FDIC coverage			(51,861)
	Total uninsured funds			-
	50% collateral requirement			-
	Over (Under)			<u>\$ -</u>
	Total cash in bank			\$ 300,652
			Less: Outstanding checks	(573)
	Reconciled cash balance per balance sheet			<u>\$ 300,079</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. New Mexico 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, 2009 were in demand deposits, or certificates of deposits. The investments are stated at cost, which also approximates market value. The District's practice is to limit its 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.

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 6. REVENUES – CHARGE FOR SERVICES AND FEES

Charge for services and fees are composed of monthly basic charge, standby fees, water usage, hook up and gross receipt tax. The monthly basis charge is \$14.95 per water meter. Standby fees are \$7.50 per month for each vacant lot. Water usage fees are measured by \$2.83 per thousand gallons.

The charges for services and fees are stated as follows:

	2009	2008
Water usage fees	\$ 33,367	\$ 31,968
Basic service fees	32,128	31,604
Standby fees	5,752	6,023
Hook up fees	950	2,850
Other fees	1,565	1,909
Total charges for service and fees	\$ 73,762	\$ 74,354

NOTE 7. 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.

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

In the course of business, the District is subject to certain contingent liabilities and unasserted claims. A number of property owners within the District allege they received no notice of standby charges with the New Mexico Public Regulation Commission (PRC) in 1991 and the District has been collecting payments on the charges since then. The Petitioners requested refund of payments on the charges collected. On July 10, 2008, attorneys for both sides and the PRC agreed to dismiss the claims, closing this issue.

NOTE 9. DEFERRED REVENUE

Deferred revenues represent a liability for the Governmental Funds. Deferred revenues are used to account for funds received from homeowners for prepayment of water services. Under the accrual basis, revenues are recognized when goods are sold or when services are rendered. The District's deferred incomes are \$840, and \$915 for the fiscal years ended June 30, 2008 and 2007, respectively.

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, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance Favorable (unfavorable)
	Original	Final		
Operating Revenues:				
Charge for services and fees	\$ 70,000	\$ 70,000	\$ 73,762	\$ 3,762
Gross receipt tax	3,500	3,500	3,465	(35)
Total Operating Revenues	73,500	73,500	77,227	3,727
Operating Expenses:				
Legal and professional	10,000	10,000	8,235	1,765
Repairs and maintenance	17,500	17,500	17,277	223
Office and administrative expenses	12,000	12,000	8,060	3,940
Operating contract	12,000	12,000	10,242	1,758
Insurance	5,000	5,000	4,682	318
Taxes and fees	3,500	3,500	3,896	(396)
Utilities	7,000	7,000	7,057	(57)
Total Operating Expenses:	67,000	67,000	59,449	7,551
Non-operating Revenues/(Expenses):				
Investment income	4,500	4,500	5,546	1,046
Property tax revenue	60,000	60,000	91,858	31,858
Property tax revenue fees	(1,000)	(1,000)	(919)	81
System infrastructure	(70,000)	(70,000)	-	70,000
Total Non-operating Revenues:	(6,500)	(6,500)	96,485	102,985
Net income (loss)	\$ -	\$ -	114,263	\$ 114,263
RECONCILIATION TO GAAP BASIS:				
Depreciation			(19,581)	
Amortization			(218)	
Change in net assets-GAAP basis			\$ 94,464	

Gwen K. Farner

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**INDEPENDENT AUDITOR'S 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, REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

I have audited the financial statements of the business-type activities of the State of New Mexico North Ranchos de Placitas Water and Sanitation District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued my report thereon dated August 27, 2009. I also have audited the budgetary comparison presented as supplementary information in the financial statements for the year ended June 30, 2009, 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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

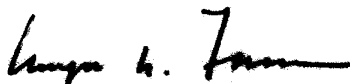
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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, 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 27, 2009

STATE OF NEW MEXICO
NORTH RANCHOS DE PLACITAS WATER AND SANITATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009

FINANCIAL STATEMENTS AUDIT

The basic financial statements and notes to the financial statements for the year ended June 30, 2009, 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.

EXIT CONFERENCE

This report was discussed with the following individuals at an exit conference held on Thursday, August 27, 2009.

North Ranchos de Placitas Water and Sanitation District

Trey Young, President

Don Lewis, Treasurer

Jeanne Burnley, Bookkeeper

Audit Firm

Gwen K Farner, CPA