

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

TABLE OF CONTENTS

JUNE 30, 2011

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
OFFICIAL ROSTER.....	2
 <u>REPORT SECTION</u>	
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES.....	3
 <u>SUPPLEMENTARY INFORMATION</u>	
SCHEDULE OF REVENUES, EXPENSES	
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS).....	7
FINDINGS AND RECOMMENDATIONS.....	8
OTHER DISCLOSURES.....	9

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

OFFICIAL ROSTER

BOARD OF DIRECTORS

Chairman/Director	Sam Wasson
Treasurer/Director	Nancy Hobbs
Board of Director	Stanley Ketchum

ADMINISTRATIVE OFFICIALS

Secretary	Nancy Worden
Bookkeeper	Jeanne Burnley

CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 3076
Corrales, NM 87048
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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
Ranchos de Placitas Sanitation District
Placitas, New Mexico 87043

We have performed the procedures enumerated below, which were agreed to by the State of New Mexico Ranchos de Placitas Sanitation District (the District), solely to assist the District with respect to the District's cash and capital assets as June 30, 2011, and the District's revenue, expenditures, and budget for the year ended June 30, 2011. The District's management is responsible for the company's accounting records and financial information. This agreed-upon procedures engagement for Tier 4 of the Audit Act (Section 12-6-1 NMSA 1978 et seq.) 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, 2010 to June 30, 2011:

1. CASH

- a. We obtained copies of all bank reconciliations as of June 30, 2011. 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 from the July 31, 2010 to June 30, 2011 bank statement to determine that they were cleared. We traced deposits in transit per the bank reconciliation to deposits in the cutoff bank statement, and inspected selected canceled image checks returned with the cutoff bank statement. We traced checks dated before the balance sheet date to the list of outstanding checks, and inspected the dates that checks cleared the bank.
- c. Monthly bank reconciliation reports were tested for accuracy and bank reconciliations were being performed in a timely manner.
- d. 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 the procedures.

2. INVESTMENTS

We obtained money market account statement and certificate of deposits from financial institution as of June 30, 2011. We mathematically checked the account statements and compared the resultant amount balance to the respective general ledger account balance.

- a. We compared the beginning investment balances to prior year ending balances, and investigated any differences.
- b. We inspected reconciliation of interbank transfer. Examined authorization and review of minutes of meeting for reasoning of transfer and proper authorization
- c. We indentified the nature and the amount of transfer. Compared the amount of transfer to general ledger for proper recording.

We found no exceptions as a result of the procedures.

3. CAPITAL ASSETS

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

We found no exceptions as a result of the procedures.

4. WATER REVENUE

- a. We obtained quarterly 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 245 transactions out of 486 water bill transactions, representing \$11,788 revenue amounts out of \$24,580 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 the procedures.

5. OTHER REVENUE

- a. We obtained monthly leases income posted to general ledger.
- b. We performed an analytical review by compared actual leases revenue to budget; and analyzed the total leases revenue based on the monthly leases received for reasonableness.
- c. We reviewed the general ledger account to ensure postings were properly classified, and amounts agreed to total leases expected amounts.

We found no exceptions as a result of the procedures.

6. EXPENDITURES

- a. We selected 15 items out of 114 cash disbursements for sampling from the period July 1, 2010 to June 30, 2011; representing \$8,784 out of \$43,918 the total expenditures being examined.
- b. We traced 15 cash disbursements to vendor invoices.
- c. We determined that 15 transactions were recorded in the proper period. Any un-clearing to the bank in the same accounting period as they were initiated were properly reflected as reconciling items on bank reconciliations.
- d. We determined the amount recorded as disbursed agrees to adequate supporting documentation. We verified amount, payee, date and description agreed to the vendor's invoice, purchase order, contract and canceled checks, as appropriate.
- e. We determined the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- f. 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 the procedures.

7. JOURNAL ENTRIES

- a. We obtained monthly general ledger for the period July 1, 2010 to June 30, 2011. We scanned for non-routine journal entries, such as adjustments or reclassifications that were posted to the general ledger.
- b. We determined journal entries appear reasonable and have supporting documentation.

We found no exceptions as a result of the procedures.

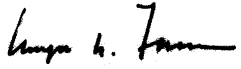
8. BUDGET

- a. We obtained the District's original fiscal year July 1, 2010 to June 30, 2011 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 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, 2011 and the District's revenue, expenditures, and budget for the year ended June 30, 2011. 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
October 20, 2011

SUPPLEMENTARY INFORMATION

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, 2011

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Charge for services and fees	\$ 22,605	\$ 22,605	\$ 23,457	\$ 852
Miscellaneous revenues	1,000	1,000	1,124	124
Total revenues	<u>23,605</u>	<u>23,605</u>	<u>24,581</u>	<u>976</u>
Expenses:				
Repairs and maintenance	28,000	27,000	26,296	704
Utilities	8,500	8,500	8,446	54
Office expense - bookkeeping	4,500	4,500	4,261	239
Insurance	2,350	2,350	2,337	13
Legal and professional	5,700	6,800	6,700	100
Taxes - conservation fees	425	425	421	4
Gross receipts tax	1,100	1,100	1,076	24
Office expense - other	3,650	3,550	1,408	2,142
Total expenditures	<u>54,225</u>	<u>54,225</u>	<u>50,945</u>	<u>3,280</u>
Non-operating revenues				
Revenue from leases	29,070	29,070	29,400	330
Investment income	3,000	3,000	3,161	161
Cash budgeted	123,550	123,550	-	(123,550)
Capital improvement	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>
Total non-operating revenue	<u>30,620</u>	<u>30,620</u>	<u>32,561</u>	<u>1,941</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	6,197	<u>\$ 6,197</u>
RECONCILIATION TO GAAP:				
Depreciation			<u>(4,213)</u>	
Change in net assets-GAAP basis			<u>\$ 1,984</u>	

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2011

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, 2011

This report was discussed with following individuals at an exit conference held on October 20, 2011.

Representing the Ranchos de Placitas Sanitation District was:

Stanley Ketchum, Board of Director

Jeanne Burnley, Bookkeeper

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

Gwen K. Farner