

**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, 2012**

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

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**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

## **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, 2012, and the District's revenue, expenditures, and budget for the year ended June 30, 2012. 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 12-6-3 B(4) NMSA 1978 and Section 2.2.2.16 NMAC was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were engaged to perform the following agreed-upon procedures for the time period July 1, 2011 to June 30, 2012:

1. CASH

- a. We obtained copies of all bank reconciliations as of June 30, 2012. 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, 2011 to June 30, 2012 bank statements to determine that they were cleared. We traced deposits to bank and posted to the account ledger with proper chart of accounts; 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 applying the procedures.

## 2. INVESTMENTS

We obtained money market account statement and certificate of deposits from financial institution as of June 30, 2012. 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 applying 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 applying 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 122 transactions out of 488 water bill transactions, representing \$7,621.28 revenue amounts out of \$24,174.67 total:
  - We examined each homeowner's water usage and compared that to the water billing amount for accuracy.
  - We traced the amount of revenue recorded in the general ledger to ensure those amounts match with supporting documents as well as checking bank statements for proper posting.
- d. We reviewed the general ledger account to ensure postings were properly classified, amounts were correct, and were recorded in the proper period with supporting documentation.

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

## 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 applying the procedures.

6. EXPENDITURES

- a. We obtained twelve months cash disbursement reports.
- b. We selected 25 items out of 117 cash disbursements for sampling from the period July 1, 2011 to June 30, 2012; representing \$35,277 out of \$60,484 the total expenditures. We examined twenty-five (25) transactions for the following procedures:
  - We traced twenty-four (24) cash disbursements to vendor invoice and one transaction was fund transfer.
  - Ensure each transaction was recorded in the proper period, and any outstanding check or item was not on the bank statement in the same accounting period as timing difference. This item was reflected as outstanding item on the District's bank reconciliation worksheet.
  - We examined each invoice by verify amount, payee, date and description to ensure invoice, purchase order, contract and canceled checks, were appropriately approved, recorded, and in compliance with the budget.
- c. We determined the bid process (request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4. NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

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

7. JOURNAL ENTRIES

- a. We obtained monthly general ledger for the period July 1, 2011 to June 30, 2012. 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 applying the procedures.

8. BUDGET

- a. We obtained the District's original fiscal year July 1, 2011 to June 30, 2012 annual budget approved by the Governing Body.
- b. We verified by reviewing minutes of meetings and correspondence, that the District did not make any changes to the approved final budget.
- c. We determined the total actual expenditures did not exceed the original budget for each fund.

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

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the District's cash and capital assets as June 30, 2012 and the District's revenue, expenditures, and budget for the year ended June 30, 2012. 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.



September 10, 2012

## **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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Charge for services and fees	\$ 23,130	\$ 23,130	\$ 23,990	\$ 860
Miscellaneous revenues	100	100	185	85
Total revenues	<u>23,230</u>	<u>23,230</u>	<u>24,175</u>	<u>945</u>
Expenses:				
Repairs and maintenance	27,000	27,000	19,040	7,960
Utilities	9,000	9,000	8,631	369
Office expense - bookkeeping	4,500	4,500	4,571	(71)
Insurance	2,600	2,600	2,462	138
Legal and professional	6,200	6,200	5,583	617
Taxes - conservation fees	450	450	397	53
Gross receipts tax	1,100	1,100	1,107	(7)
Office expense - other	2,950	2,950	1,493	1,457
Total expenditures	<u>53,800</u>	<u>53,800</u>	<u>43,284</u>	<u>10,516</u>
Non-operating revenues				
Revenue from leases	29,070	29,070	31,050	1,980
Investment income	1,500	1,500	1,480	(20)
Cash budgeted	125,000	125,000	-	(125,000)
Capital improvement	(125,000)	(125,000)	-	125,000
Total non-operating revenue	<u>30,570</u>	<u>30,570</u>	<u>32,530</u>	<u>1,960</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	13,421	<u>\$ 13,421</u>
RECONCILIATION TO GAAP:				
Depreciation			(4,213)	
Change in net assets-GAAP basis			<u>\$ 9,208</u>	

STATE OF NEW MEXICO  
RANCHOS DE PLACITAS SANITATION DISTRICT  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2012

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, 2012

This report was discussed with following individuals at an exit conference held on September 10, 2012.

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

RANCHOS DE PLACITAS SANITATION DISTRICT

Balance Sheet

as of

June 30, 2012

Unaudited Financial Statements

Assets

Current Assets

Checking - US Bank	\$ 14,457.68	
Bank of Albuquerque MM Acct	36,867.15	
CD - Washington Federal	128,959.61	
CD - US Bank	75,000.00	
Accounts Receivable	9,634.95	
Prepaid Insurance	1,293.46	
	<hr/>	\$ 266,212.85

Fixed Assets

Land	7,433.69	
Equipment	163,276.90	
Water Rights	48,861.75	
Distribution Plant	205,268.37	
Buildings	12,234.66	
Accumulated Depreciation	(305,827.34)	
		<hr/>
		131,248.03

Total Assets		<hr/> <hr/>
		\$ 397,460.88

Liabilities & Equity

Current Liabilities

Accounts Payable	\$ 2,749.01	
Gross Receipts Tax Payable	400.57	
	<hr/>	\$ 3,149.58

Equity

Reserved Retained Earnings	100,000.00	
Unrestricted Retained Earnings	285,103.03	
Current income	9,208.27	
	<hr/>	394,311.30

Total Liabilities & Equity		<hr/> <hr/>
		\$ 397,460.88

RANCHOS DE PLACITAS SANITATION DISTRICT

Income Statement as of June 30, 2012

Unaudited Financial Statements

	<u>Year to Date</u>
<u>Operating Revenues</u>	
Water Sales	\$ 20,955.11
Standby Charges	1,932.00
Meter Installation Fees	-
Late Fees	184.73
Gross Receipts Tax Revenue	1,102.83
	<u>24,174.67</u>
 <u>Operating Expenses</u>	
Auditing	3,115.69
Bank Charges	40.00
Depreciation	4,212.55
Insurance	2,462.04
Legal & Professional	2,466.68
Miscellaneous Expenses	129.00
Office Expense - Bookkeeping	4,571.42
Office Expense - Other	194.60
Repairs & Maintenance	19,040.44
Resolution Fees	480.00
Conservation Fees	397.41
Gross Receipts Tax	1,106.66
Utilities	8,631.15
Water Samples Testing	649.12
	<u>47,496.76</u>
 Operating Income (Loss)	 <u>(23,322.09)</u>
 <u>Non Operating Revenue (Expenses)</u>	
Interest Income	1,480.36
Miscellaneous Revenue	31,050.00
	<u>32,530.36</u>
 Net income (loss)	 <u><u>\$ 9,208.27</u></u>