

**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, 2014

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

TABLE OF CONTENTS

JUNE 30, 2014

<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>	
BALANCE SHEET.....	7
INCOME STATEMENT.....	8
SCHEDULE OF REVENUES, EXPENSES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS).....	9
FINDINGS AND RECOMMENDATIONS.....	10
OTHER DISCLOSURES.....	11

**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	Tom Hagan

ADMINISTRATIVE OFFICIALS

Secretary	Nancy Worden
Bookkeeper	Jeanne Burnley

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Hector H. Balderas
New Mexico Office of the 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 Office of the State Auditor and 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, 2014, and the District's revenue, expenditures, and budget for the year ended June 30, 2014. 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, 2013 to June 30, 2014:

1. CASH
 - a. We obtained copies of all bank reconciliations as of June 30, 2014. 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 1, 2013 to June 30, 2014 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, 2014. 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 identified the nature and the amount of transfer. Compared the amount of transfer to general ledger for proper recording.
- 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.

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.
- c. We verified that the local public body was performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

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 491 water bill transactions, representing \$7,339.12 revenue amounts out of \$23,709.74 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 32 items out of 112 cash disbursements for sampling from the period July 1, 2013 to June 30, 2014; representing \$42,674 out of \$51,531 the total expenditures. We examined thirty-two (32) transactions for the following procedures:
 - We traced thirty-two (32) cash disbursements to vendor invoice.
 - Ensured 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, 2013 to June 30, 2014. 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.
- c. The local public body has procedures that require journal entries to be reviewed and there was evidence the reviews are being performed.

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

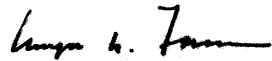
8. BUDGET

- a. We obtained the District's original fiscal year July 1, 2013 to June 30, 2014 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, 2014 and the District's revenue, expenditures, and budget for the year ended June 30, 2014. 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 Department of Finance and Administration-Local Government Division, 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.



October 16, 2014

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
BALANCE SHEET
AS OF
JUNE 30, 2014

Current Assets

Checking - US Bank	\$ 14,330.51	
Bank of Albuquerque MM Acct	46,983.68	
CD - Washington Federal	36,645.20	
MM - Washington Federal	93,662.63	
CD - Compass Bank	75,940.17	
Accounts Receivable	10,156.62	
Prepaid Insurance	<u>1,207.04</u>	
		\$ 278,925.85

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	<u>(314,252.45)</u>	
		122,822.92

Total Assets		<u><u>\$ 401,748.77</u></u>
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Liabilities & Equity

Current Liabilities

Accounts Payable	\$ 3,363.10	
Gross Receipts Tax Payable	<u>392.77</u>	
		\$ 3,755.87

Equity

Reserved Retained Earnings	100,000.00	
Unrestricted Retained Earnings	304,342.49	
Current Income	<u>(6,349.59)</u>	
		397,992.90

Total Liabilities & Equity		<u><u>\$ 401,748.77</u></u>
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STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
INCOME STATEMENT
AS OF
JUNE 30, 2014

	<u>June 2014</u>	<u>June 30, 2014 YTD</u>
<u>Operating Revenues</u>		
Water Sales	\$ 6,464.40	\$ 20,435.90
Standby Charges	483.00	1,932.00
Late Fees	47.29	241.12
Gross Receipts Tax Revenue	354.91	1,100.72
	<u>7,349.60</u>	<u>23,709.74</u>
<u>Operating Expenses</u>		
Auditing	-	3,115.69
Bank Charges	-	61.46
Depreciation	4,212.55	4,212.55
Insurance	201.16	2,776.94
Legal & Professional	814.59	5,317.03
Miscellaneous Expenses	-	249.00
Office Expense - Bookkeeping	430.31	5,076.10
Office Expense - Other	-	394.94
Repairs & Maintenance	872.72	28,640.14
Resolution Fees	40.00	470.00
Conservation Fees	189.30	371.10
Gross Receipts Tax	-	1,127.58
Utilities	1,114.09	8,916.22
Water Samples Testing	157.25	2,086.21
	<u>8,031.97</u>	<u>62,814.96</u>
Operating Income (Loss)	<u>(682.37)</u>	<u>(39,105.22)</u>
<u>Non Operating Revenue (Expenses)</u>		
Interest Income	19.38	1,705.63
Miscellaneous Revenue	2,587.50	31,050.00
	<u>2,606.88</u>	<u>32,755.63</u>
Net Income (Loss)	<u>\$ 1,924.51</u>	<u>\$ (6,349.59)</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, 2014

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Charge for services and fees	\$ 24,150	\$ 24,150	\$ 23,469	\$ (681)
Miscellaneous revenues	100	100	241	141
Total revenues	<u>24,250</u>	<u>24,250</u>	<u>23,710</u>	<u>(540)</u>
Expenses:				
Repairs and maintenance	25,000	25,000	28,640	(3,640)
Utilities	10,000	10,000	8,916	1,084
Office expense - bookkeeping	5,200	5,200	5,076	124
Insurance	3,500	3,500	2,777	723
Audit	3,200	3,200	3,116	84
Legal and professional	5,000	5,000	5,317	(317)
Taxes - conservation fees	450	450	371	79
Gross receipts tax	1,200	1,200	1,128	72
Office expense - other	2,450	2,450	3,262	(812)
Total expenditures	<u>56,000</u>	<u>56,000</u>	<u>58,603</u>	<u>(2,603)</u>
Non-operating revenues				
Revenue from leases	31,000	31,000	31,050	50
Investment income	750	750	1,706	956
Cash budgeted	125,000	125,000	-	(125,000)
Capital improvement	(125,000)	(125,000)	-	125,000
Total non-operating revenue	<u>31,750</u>	<u>31,750</u>	<u>32,756</u>	<u>1,006</u>
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ -</u>	<u>\$ -</u>	(2,137)	<u>\$ (2,137)</u>
RECONCILIATION TO GAAP:				
Depreciation			<u>(4,213)</u>	
Change in net assets-GAAP basis			<u>\$ (6,350)</u>	

STATE OF NEW MEXICO
RANCHOS DE PLACITAS SANITATION DISTRICT
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014

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, 2014

This report was discussed with following individuals at an exit conference held on October 16, 2014.

Representing the Ranchos de Placitas Sanitation District was:

Nancy Hobbs, Treasurer/Director

Jeanne Burnley, Bookkeeper

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

Gwen K. Farner

Merwin L. Valdez, Staff Accountant