

**Charles L. Henry**

*Certified Public Accountant*

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**STATE OF NEW MEXICO**

**Northeastern Soil and Water Conservation District**

**Independent Accountant's Compilation Report and  
Report on Applying Agreed-Upon Procedures**

***For the Fiscal Year Ended June 30, 2008***



State of New Mexico  
**Northeastern Soil and Water Conservation District**  
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 June 30, 2008

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State of New Mexico  
Northeastern Soil and Water Conservation District  
Official Roster  
June 30, 2008

**Board of Supervisors**

**Position**

Justin Bennett

Chairperson

Brett Bannon

Vice - Chairperson

Randy Podzemny

Secretary / Treasurer

Gayle Rivale

Member

Larry Mason

Member

**District Personnel**

**Title**

Barbara G. Podzemny

Administrative Assistant

# **Charles L. Henry**

*Certified Public Accountant*

666 Cook Avenue

Raton, New Mexico 87740

(505) 681-9762

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

**Justin Bennett, Chairperson  
and Members of the Board of Supervisors  
Northeastern Soil and Water Conservation District  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor**

I have compiled the accompanying statement of assets, liabilities and net assets - modified cash basis of Northeastern Soil and Water Conservation District (a political subdivision) as of June 30, 2008, and the related statement of support, revenue, and expenses - modified cash basis for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I have also performed the procedures enumerated below for the Northeastern Soil and Water Conservation District (District), for the year ended June 30, 2008. The district was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The management of the Northeastern Soil and Water Conservation District is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in



Only one asset reflected a cost that agreement with the information presented in this OSA audit. This asset was the only one with a portion of undepreciated cost. The result was that there is no difference in the determination of related depreciation expense or reporting of capital assets, net of accumulated depreciation.

## **REVENUE**

### **Procedures**

Identify the nature and amount of revenue from sources by reviewing the budget agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year ended June 30, 2008 for each type of revenue source.

Test 50% of the total amount of revenue for the following attributes:

- b) Amount recorded in the general ledger agrees to supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this review work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

### **Findings**

- a) Analytical review and test of recorded revenue compared to budgeted revenue for the year ended June 30, 2008 revealed incidences where revenue was recorded as a credit entry to expense accounts.
- b) Amounts recorded in the general ledger agreed with supporting documentation and the bank statements with the exception of the date of record of some receipts when compared to the deposit date as found on the bank statement.
- c) Transactions were properly recorded on a cash basis as to amount. The effect of recording revenue amounts as credits to an expense classification did not effect the determination of income, but did effect the classification as to budget presentations.

## **EXPENDITURES**

### **Procedures**

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for the following attributes:





### **Findings**

The District uses QuickBooks software, but does not generate any journal entries or make adjustments to amounts recorded.

## **BUDGET**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD
- b) Determine if the total actual expenditures exceed the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets an general ledger, prepare a schedule of revenue and expenditures - budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

### **Findings**

- a) Although the budgets indicate that they are the "final budget", no certification from the Department of Finance and Administration was made available. Review of the minutes did indicate that the final budget was approved by the board and set to DFA.
- b) Budgeted revenue less budgeted expenses exceeded actual revenue less actual expenses. Because of this result actual expenditures did not exceed the final budget at the local level, level of budgetary control.

## **OTHER**

### **Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section 2.2.2 10(1)(3)© NMAC.

### **Findings**

No exceptions were found as a result of applying the procedures above indicating any fraud or illegal acts, or material weaknesses in internal control. For issues of noncompliance, related weakness in internal control as well as issues of noncompliance relating to a late report and issues relating to the findings above see the schedule of findings and responses.

I was not engaged to, and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have to be reported to you.

This report is intended solely for the for the information and use of Northeastern Soil and Water Conservation District, the New Mexico Office of the State Auditor and the DFA-LGD and is not intended to be, and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Charles L. Henry CPA". The signature is written in a cursive style.

Charles L. Henry  
Certified Public Accountant  
February 10, 2011

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Statement of Net Assets**  
June 30, 2008

**Exhibit - A**

**ASSETS**

|                                    |                    |
|------------------------------------|--------------------|
| Cash and Cash Equivalents          | \$ 132,721         |
| Interest Receivable                | 724                |
| Accounts Receivable                | 13,310             |
| Capital Assets net of Depreciation | <u>200</u>         |
| <br>Total Assets                   | <br><u>146,955</u> |

**LIABILITIES**

|                       |                  |
|-----------------------|------------------|
| Accounts Payable      | 867              |
| Accrued Liabilities   | <u>1,063</u>     |
| <br>Total Liabilities | <br><u>1,930</u> |

**NET ASSETS**

|                            |                       |
|----------------------------|-----------------------|
| Invested in Capital Assets | 200                   |
| Unrestricted               | <u>144,825</u>        |
| <br>Total Net Assets       | <br><u>\$ 145,025</u> |

**Unaudited - see Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures**

State of New Mexico  
 Northeastern Soil and Water Conservation District  
**Statement of Activities**  
 For the Fiscal Year Ended June 30, 2008

**Exhibit - B**

|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>Program Expenses</b>              |                                    |
| <i>Conservation:</i>                 |                                    |
| Advertising / Public Relations       | \$ -                               |
| Taxes                                | 5,795                              |
| Mileage / Per Diem                   | 861                                |
| Rent / Office Expense                | 649                                |
| Material / supplies                  | 73,176                             |
| Contract Labor                       | 494                                |
| Awards                               | 557                                |
| Grass Seed                           | 3,944                              |
| Dues                                 | 1,771                              |
| Educational Aids                     | 591                                |
| Insurance / Bonds                    | 480                                |
| Payroll / Bonus                      | 13,560                             |
| Meetings                             | 9,111                              |
| Water Quality Grant                  | 6,001                              |
| Depreciation Expense                 | 200                                |
| <b>Total Program Expenses</b>        | <u><u>117,189</u></u>              |
| <br><b>Program Revenues</b>          |                                    |
| Charges for Services:                |                                    |
| Conservation Material and Tree Sales | 102,381                            |
| Grass Seed Sales                     | 224                                |
| Equipment Rental                     | 908                                |
| <b>Total Program Revenues</b>        | <u><u>103,513</u></u>              |
| <br>Net Program (Expense) Revenue    | <br>(13,675)                       |
| <br><b>General Revenue</b>           |                                    |
| State Allocation                     | 11,335                             |
| Water Quality Grant                  | 10,643                             |
| Interest                             | 3,951                              |
| <b>Total General Revenue</b>         | <u><u>25,929</u></u>               |
| <br>Change in Net Assets             | <br>12,254                         |
| <br>Net Assets at Beginning of Year  | <br><u>132,771</u>                 |
| <br>Net Assets at End of Year        | <br><u><u>\$ 145,025</u></u>       |

*Unaudited - see Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures*

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Balance Sheet - Governmental Funds**  
June 30, 2008

**Exhibit - C**

**Assets**

|                      |                              |
|----------------------|------------------------------|
| Cash and Investments | \$ 132,721                   |
| Interest Receivable  | 724                          |
| Accounts Receivable  | <u>13,310</u>                |
| <br>Total Assets     | <br>\$ <u><u>146,755</u></u> |

**Liabilities and Fund Balance**

|                                        |                              |
|----------------------------------------|------------------------------|
| <b>Liabilities</b>                     |                              |
| Accounts Payable                       | \$ 867                       |
| Accrued Liabilities                    | <u>1,063</u>                 |
| <br>Total Liabilities                  | <br><u>1,930</u>             |
| <br><b>Fund Balance</b>                |                              |
| Unreserved, undesignated               | <u>144,825</u>               |
| <br>Total Fund Balance                 | <br><u>144,825</u>           |
| <br>Total Liabilities and Fund Balance | <br>\$ <u><u>146,755</u></u> |

**Unaudited - see Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures**

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets**  
For the Fiscal Year Ended June 30, 2008

***Amounts reported for governmental activities in the Statement of Net Assets are different from the way they are reported in the Balance Sheet - Governmental Funds as follows:***

|                              |            |
|------------------------------|------------|
| Fund Balance - Balance Sheet | \$ 144,825 |
|------------------------------|------------|

***Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.***

|                                                 |            |
|-------------------------------------------------|------------|
| Capital assets, net of Accumulated Depreciation | <u>200</u> |
|-------------------------------------------------|------------|

|                                      |                          |
|--------------------------------------|--------------------------|
| Net Assets - Statement of Net Assets | <u><u>\$ 145,025</u></u> |
|--------------------------------------|--------------------------|

State of New Mexico  
 Northeastern Soil and Water Conservation District  
**Statement of Revenues, Expenditures and Changes in  
 Fund Balances - Governmental Funds**  
 For the Fiscal Year Ended June 30, 2008

**Exhibit - D**

|                                      | <b>General Fund</b> |
|--------------------------------------|---------------------|
| <b>Revenues</b>                      |                     |
| State Allocation                     | \$ 11,335           |
| Water Quality Grant                  | 10,643              |
| Conservation Material and Tree Sales | 102,381             |
| Equipment Rental                     | 908                 |
| Grass Seed Sales                     | 224                 |
| Interest                             | 3,951               |
| Miscellaneous Income                 | -                   |
| Total Revenues                       | 129,443             |
| <b>Expenditures</b>                  |                     |
| <i>Conservation:</i>                 |                     |
| Advertising / Public Relations       | -                   |
| Taxes                                | 5,795               |
| Mileage / Per Diem                   | 861                 |
| Rent / Office Expense                | 649                 |
| Material / supplies                  | 73,176              |
| Contract Labor                       | 494                 |
| Awards                               | 557                 |
| Grass Seed                           | 3,944               |
| Dues                                 | 1,771               |
| Educational Aids                     | 591                 |
| Insurance / Bonds                    | 480                 |
| Payroll / Bonus                      | 13,560              |
| Meetings                             | 9,111               |
| Water Quality Grant                  | 6,001               |
| Total Expenditures                   | 116,989             |
| Net Change in Fund Balance           | 12,454              |
| Fund Balance Beginning of Year       | 132,371             |
| Fund Balance End of Year             | \$ 144,825          |

**Unaudited - see Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures**

**State of New Mexico**  
**Northeastern Soil and Water Conservation District**  
**Reconciliation of the Statement of Activities to the**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**

|                                                 |    |        |
|-------------------------------------------------|----|--------|
| Net Change in Fund Balance - Governmental Funds | \$ | 12,454 |
|-------------------------------------------------|----|--------|

**Amounts reported in the Statement of Activities are different because:**

*Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over the estimated useful live of the asset and reported as depreciation expense s follows:*

|                      |    |        |
|----------------------|----|--------|
| Depreciation Expense |    | 200    |
|                      | \$ | 12,254 |



State of New Mexico  
 Northeastern Soil and Water Conservation District  
**Statement of Revenues, Expenditures - Budget and  
 Actual (Non-GAAP Budgetary Basis) - General Fund**  
 For the Fiscal Year Ended June 30, 2008

**Exhibit - E**

|                      | <b>General Fund</b>       |                        |                                     |                                        |
|----------------------|---------------------------|------------------------|-------------------------------------|----------------------------------------|
|                      | Original<br>DFA<br>Budget | Final<br>DFA<br>Budget | Actual<br>Budgetary<br>Expenditures | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues</b>      |                           |                        |                                     |                                        |
| State Allocation     | \$ 10,500                 | \$ 10,500              | \$ 11,335                           | \$ 835                                 |
| Water Quality Grant  | 13,700                    | 13,700                 | 3,273                               | (10,427)                               |
| Tree Program         | 93,000                    | 93,000                 | 108,189                             | 15,189                                 |
| Equipment Rental     | 1,000                     | 1,000                  | 908                                 | (92)                                   |
| Grass Seed           | 10,000                    | 10,000                 | 224                                 | (9,776)                                |
| Interest             | 1,000                     | 1,000                  | 3,739                               | 2,739                                  |
| Miscellaneous Income | -                         | -                      | -                                   | -                                      |
|                      | -                         | -                      | -                                   | -                                      |
| Total Revenues       | \$ 129,200                | \$ 129,200             | \$ 127,669                          | \$ (1,531)                             |
| <b>Expenditures</b>  |                           |                        |                                     |                                        |
| Advertising          | \$ 575                    | \$ 575                 | -                                   | \$ 575                                 |
| Repairs              | 500                       | 500                    | -                                   | 500                                    |
| Taxes                | 5,000                     | 5,000                  | 5,318                               | (318)                                  |
| Mileage / Per Diem   | 5,000                     | 5,000                  | 783                                 | 4,217                                  |
| Rent                 | 500                       | 500                    | 649                                 | (149)                                  |
| Public Relations     | 1,000                     | 1,000                  | 160                                 | 840                                    |
| Material / Supplies  | 65,000                    | 65,000                 | 73,176                              | (8,176)                                |
| Contract Labor       | 1,500                     | 1,500                  | 494                                 | 1,006                                  |
| Equipment Purchases  | 1,000                     | 1,000                  | -                                   | 1,000                                  |
| Awards               | 1,000                     | 1,000                  | 443                                 | 557                                    |
| Grass Seed           | 7,500                     | 7,500                  | 4,147                               | 3,353                                  |
| Dues                 | 2,000                     | 2,000                  | 1,625                               | 375                                    |
| Educational Aids     | 1,000                     | 1,000                  | 591                                 | 410                                    |
| Bond Insurance       | 250                       | 250                    | 240                                 | 10                                     |
| Payroll              | 15,000                    | 15,000                 | 13,958                              | 1,043                                  |
| Meetings             | 6,000                     | 6,000                  | 8,831                               | (2,831)                                |
| Office Expense       | 1,000                     | 1,000                  | -                                   | 1,000                                  |
| Water Quality Grant  | 13,700                    | 13,700                 | 6,001                               | 7,699                                  |
|                      | 13,700                    | 13,700                 | 6,001                               | 7,699                                  |
| Total Expenditures   | \$ 127,525                | \$ 127,525             | \$ 116,414                          | \$ 11,111                              |

*Unaudited - see Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures*

**State of New Mexico**  
**Northeastern Soil and Water Conservation District**  
**Reconciliation of Non-GAAP Budgetary Basis to**  
**GAAP Basis Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**

|                           |        | <u>General<br/>Fund</u>   |
|---------------------------|--------|---------------------------|
| Non-GAAP revenues         | \$     | 127,669                   |
| Prior year receivables    |        | (12,260)                  |
| Current year receivables  |        | <u>14,034</u>             |
| <br>GAAP revenues         | <br>\$ | <br><u><u>129,443</u></u> |
| <br>Non-GAAP expenditures | <br>\$ | <br>116,414               |
| Prior year payables       |        | (1,355)                   |
| Current year payables     |        | <u>1,930</u>              |
| <br>GAAP expenditures     | <br>\$ | <br><u><u>116,989</u></u> |

State of New Mexico  
 Northeastern Soil and Water Conservation District  
**Capital Asset Activity**  
 For the Fiscal Year Ended June 30, 2008

| <u>Government Activities</u>                      | <u>Balance<br/>June 30, 2007</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2008</u> |
|---------------------------------------------------|----------------------------------|------------------|------------------|----------------------------------|
| <b>Assets Being Depreciated</b>                   |                                  |                  |                  |                                  |
| Computer Equipment                                | \$ 1,000                         | \$ -             | \$ -             | \$ 1,000                         |
| Farm Equipment                                    | 17,606                           | -                | -                | 17,606                           |
| <b>Total at Historical Cost</b>                   | <u>18,606</u>                    | <u>-</u>         | <u>-</u>         | <u>18,606</u>                    |
| <b>Less Accumulated Depreciation</b>              |                                  |                  |                  |                                  |
| Computer Equipment                                | (1,000)                          | -                | -                | (1,000)                          |
| Farm Equipment                                    | (17,206)                         | (200)            | -                | (17,406)                         |
| <b>Total Accumulated<br/>        Depreciation</b> | <u>(18,206)</u>                  | <u>(200)</u>     | <u>-</u>         | <u>(18,406)</u>                  |
| <b>Net Capital Assets</b>                         | <u>\$ 400</u>                    | <u>\$ (200)</u>  | <u>\$ -</u>      | <u>\$ 200</u>                    |

**There are no governmental Capital Projects in progress for the year ended June 30, 2008.**

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Schedule of Findings and Responses**  
June 30, 2008

**STATUS OF PRIOR YEAR FINDINGS**

- 05-01. Withheld tax payments processed incorrectly - Repeated
- 05-02. Revenues were not properly classified - Repeated
- 06-01. Deposits not made within twenty-four hours of receipt - Corrected**
- 06-02. Federal Tax Reporting - Underreported Second Quarter - Corrected
- 07-01. The financial information maintained by the District could not be reconciled to the audited statements as represented by the Office of the New Mexico Stat Auditor. - Corrected
- 07-02. The New Mexico Taxation and Revenue form CRS 1 was not prepared properly. - Repeated
- 07-03. Revenue recorded at one date were recognized by the bank in a different date. - Repeated
- 07-04. Accounts Receivable are not readily available - Repeated
- 07-05. Actual Expenditures exceed Budgeted Expenditures - Corrected
- 07-06. Late Audit Report - Repeated

**CURRENT YEAR FINDINGS**

**05-01. Withheld tax payments processed incorrectly**

**Condition**

The District withholds taxes from its employee's checks as required by law. The amounts withheld create a payable amount. The Payable balance should be reduced when payments are made to the government agencies. The payable amount is not being reduced and the taxes paid are being expensed.

**Criteria**

Generally accepted accounting principles requires that payroll taxes payable be accounted for accurately.

**Effect**

The District has misstated its expenditures in its general ledger system and is at risk of over/under paying its payroll taxes.

**Cause**

The District personnel have not been properly trained in the use of the payroll function in their accounting system.

**Recommendation**

The District should obtain training for its personnel to correctly withhold taxes from its employee's checks as required by law.

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Schedule of Findings and Responses**  
June 30, 2008

**Management Response**

The District personnel was not aware of the problem and will take steps to acquire the necessary training.

**05-02. Revenues were not properly classified**

**Condition**

A review of all revenue entries into the general ledger revealed that revenue entries were misclassified and entered incorrectly.

**Criteria**

Generally accepted accounting principles require that revenue be recorded accurately into the general ledger

**Effect**

Revenues were overstated for some classifications and understated for others.

**Cause**

The District employee does not have the training in accounting or the way the software package treats revenue and expense transactions.

**Recommendation**

The District should provide some basic training for their employee in bookkeeping as well as the software package used for recording financial transactions.

**Management's Response**

The District desires to have accurate and properly classified financial information and will explore the training possibilities available for the District employee.

**07-02. The New Mexico Taxation and Revenue form CRS 1 was not prepared properly.**

**Condition**

The New Mexico Department of Taxation and Revenue Combined Reporting System (CRS-1) was not prepared properly.

**Criteria**

Proper completion of required reporting forms is a required by law.

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Schedule of Findings and Responses**  
June 30, 2008

Effect

The District may improperly compute gross receipts tax expenses and possibly incur penalties, interest and an increased probability of an audit by the New Mexico Department of Taxation and Revenue because the required CRS-1 reports are not prepared properly. The District does not report the total gross receipts as required on the form before removing the non-taxable amount to arrive at the taxable gross receipts. It was also noted that the state tax withheld from employees was not included on the form as required.

Cause

The District employee was not properly trained or aware of the proper way to complete the CRS-1 reports.

Recommendation

The District should have a qualified person review the CRS-1 Forms and the supporting records prior to filing the reports or secure additional training on the proper preparation of the form to insure the amounts reported are accurate and required supporting documents are maintained.

Management Response

The District has a new administrative assistant and will take whatever action is necessary to insure proper preparation of the CRS-1 before it is filed.

**07-03. Revenue recorded at one date were recognized by the bank in a different date.**

Condition

Some deposits recorded in the general ledger were found to have actually been deposited in the bank prior to the date recorded as a deposit in the general ledger.

Criteria

Generally accepted accounting principals require proper recognition of revenue and expense.

Effect

Revenue deposited at a different time than when recorded in the general ledger have an impact on the matching of revenue to the period earned as required by generally accepted accounting principles

Cause

The District employee is a part-time employee and while there is a conscious effort to deposit checks and cash when received the recording of that deposit in the general ledger is not always done on the same day.

State of New Mexico  
Northeastern Soil and Water Conservation District  
**Schedule of Findings and Responses**  
June 30, 2008

Recommendation

The software package used by the District is very date sensitive. Care should be made to enter the date of the deposit when recording the transaction rather than the actual date of the entry.

Management Response

The District was not aware of the problem and will seek additional training for its employee.

**07-04. Accounts Receivable are not readily available**

Condition

Sales are not entered into the general ledger at the point of sale.

Criteria

Generally accepted accounting principals require proper recognition of revenue and expense.

Effect

Revenue can be misstated and the ability to generate an accurate presentation of amounts receivable at the end of any month or year end is difficult.

Cause

A "stand alone" worksheet is used to generate invoices at the point of sale. This invoice is maintained until cash is received at which point the "worksheet invoice" is attached with the deposit slip. The collection history is lost or made difficult to reconstruct.

Recommendation

The software package be used to generate invoices as well as record collections of amounts owed. Additional training may be necessary and this needed training should be encouraged.

Management Response

The District was not aware of the problem and will look at the finding and determine how to move to correct this finding.

**07-06. Late Audit Report**

Condition

The audit report was filed after the due date.

Criteria

According to State Auditor Rule the audit report due date for the District is December 1, 2008.

**State of New Mexico**  
**Northeastern Soil and Water Conservation District**  
**Schedule of Findings and Responses**  
**June 30, 2008**

**Effect**

The users of the financial statements do not have timely audit reports and financial statements for their review. A late audit report can have an effect on various funding opportunities.

**Cause**

The District was unable to contract with an auditor.

**Recommendation**

The District should make every effort to hire an auditor and complete their audit timely.

**Management Response**

The District is aware of the problem and believes it is currently addressing the problem.



**State of New Mexico**  
**Northeastern Soil and Water Conservation District**  
**Exit Conference**  
**June 30, 2008**

**FINANCIAL STATEMENT PREPARATION**

The accompanying financial information was prepared by Charles L. Henry CPA. However, the contents remain the responsibility of the District.

**EXIT CONFERENCE**

On February 10, 2011 an exit conference was held at the District Office with Barbara G. Podzemny, Administrative Assistant and Randy Podzemny, Board Member and Secretary / Treasurer of the Northeastern Soil and Water Conservation District as well as Charles Henry CPA.

