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FISCAL IMPACT REPORT

SPONSOR <u>Campos</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/23/23</u>
SHORT TITLE <u>Small Local Gov't Audit Assistance</u>	BILL NUMBER <u>Senate Bill 376</u>
	ANALYST <u>Anderson</u>

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$1,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent version of this legislation.

Relates to Senate Bill 362, Senate Bill 323, Senate Bill 316 (2018 Session)
 Duplicates House Bill 319
 General Appropriations Act

Sources of Information

LFC Files

Responses Received From
 Office of the State Auditor (OSA)

SUMMARY

Synopsis of Senate Bill 376

Senate Bill 376 appropriates \$1 million from the general fund to the Office of the State Auditor (OSA) to contract with independent professional accountants to conduct agreed-upon procedures for associations and entities that are delinquent in reporting pursuant to the Audit Act.

Contracts are for entities that qualify under Tiers 3 through 6 of NMAC 2.2.2.16(B) 3-6. According to OSA, this excludes entities exempt from engaging an Independent Professional Accountant to perform agreed-upon procedures under NMAC 2.2.2.16(B) 1-2 and “entities that receive over \$500 thousand in total revenue from all sources.”

This bill does not contain an effective date, and as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

The Office of the State Auditor (OSA) requested a general fund increase of \$311 thousand for FY24, or 8.4 percent above the agency's FY23 operating budget. The general fund request included an increase of \$291 thousand, or 7.5 percent, to reduce the vacancy rate. The agency's total FY24 budget request was \$5.1 million, a \$611 thousand or 13.6 percent increase from the previous year. The House Appropriations Finance Committee recommendation supported a general fund increase of \$193 thousand, or 5.2 percent, and an overall budget increase of 4.3 percent.

SIGNIFICANT ISSUES

OSA stated:

Entities that receive over \$500K in revenue sources do not qualify as Tier 3 through 6 entities under NMAC 2.2.16(B) 3-6. Funding will be utilized for entities such as Acequia Associations, Mutual Domestic Water Consumer Associations, Land Grant Associations, and Soil & Water Conservation Districts. The Office of the State Auditor estimates that over 2,000 reports due to the Office of the State Auditor for these types of entities are overdue from approximately 1,060 of these entities that are currently registered with the Office of the State Auditor. In many cases, multiple delinquent reports are due from the same entity.

Attachments from OSA include a list for Small Political Subdivisions (SPS), the six Tiers (Attachment 1), which are explained on page 3. Entities with less than \$10 thousand in revenue that do not spend more than 50 percent or the remainder of a single Capital Outlay appropriation do not submit a financial report to OSA, but have to meet certification requirements. According to OSA, many of the certification requirements have not been met.

Also attached is the At Risk Audit list (Attachment 2). One list includes entities that are late (e.g. last City of Santa Fe audit 2020). One list specifies "Adverse of Disclaimer" audit opinions.

PERFORMANCE IMPLICATIONS

The office had 12 vacancies as of October 2024, a funded vacancy rate of approximately 28 percent. The requested increase primarily consisted of funding for staff recruitment and retention. In FY22, OSA generated \$279 thousand in audit fee revenue and projects \$300 thousand in audit revenue for FY24.

OSA was able to distribute over \$30 thousand in FY22 in grants to small political subdivisions, issuing 26 grant awards since 2018 to serve a total of 25 small governmental entities. HAFC recommended \$95 thousand for FY24 small political subdivision grants. OSA had a high demand for audit assistance services statewide to governmental entities to help ensure

compliance for capital outlay awards in FY23. As of October 2022, OSA’s “at risk” list cited 33 public entities at risk due to late audit reports, including 13 soil and water districts and six municipalities. The villages of Des Moines and Willard have been on the list since FY19, while the cities of Santa Fe, Texico, and Tucumcari have been listed since FY20. Ramah Water and Sanitation District has the longest standing, since FY12. No entities had been listed as outstanding after FY20.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 362 appropriates \$100 thousand from the general fund to the Office of the State Auditor for the purpose of an independent study on the feasibility and cost of replacing the state’s current agency-by-agency annual financial audit process with a singular state audit of all state agencies for completion of the annual comprehensive financial report. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

Senate Bill 323 makes a \$210 thousand appropriation from the general fund to the Office of the State Auditor to replace the state auditor's fraud complaint case management system. The appropriation is to be spent in FY24 and any unexpended balance at the end of FY24 will revert to the general fund. SB323 funds the replacement of the state auditor's fraud complaint case management system that provides intake, assignment, disposition and overall case management of fraud complaints received by the State Auditor.

House Bill 319 appropriates \$1 million from the general fund to the Office of the State Auditor (OSA) to contract with independent professional accountants to conduct agreed-upon procedures for associations and entities that are delinquent in reporting pursuant to the Audit Act. Contracts are for entities that qualify under Tiers 3 through 6 of NMAC 2.2.2.16(B) 3-6. According to OSA, this excludes entities exempt from engaging an Independent Professional Accountant to perform agreed-upon procedures under NMAC 2.2.2.16(B) 1-2 and “entities that receive over \$500 thousand in total revenue from all sources.”

Attachments

1. Small Political Subdivisions
2. At-Risk List

GA/rl/ne/al



State of New Mexico Office of the State Auditor

Full Compliance Strategy for Small Political Subdivision Entities

There are 558 total *registered* Small Political Subdivision (SPS) entities consisting of Acequia Associations (AAs), Land Grant Associations (LGAs), Mutual Domestic Water Consumer Associations (MDWCAs), and Soil and Water Conservation Associations (SWCAs) in our records. Of the 558 total entities, approximately 66% are not in compliance with the fiscal requirements set forth in New Mexico Statutes and Regulations.

The entities referred to above account for an excess of 2,000 annual certifications of compliance as required by the State Audit Rule. Multiple entities are more than 11 certifications of compliance in arrears.

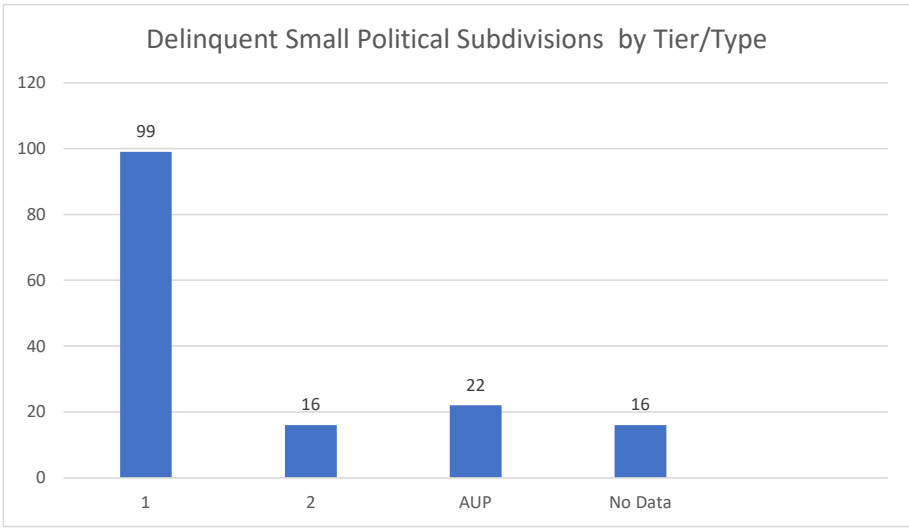
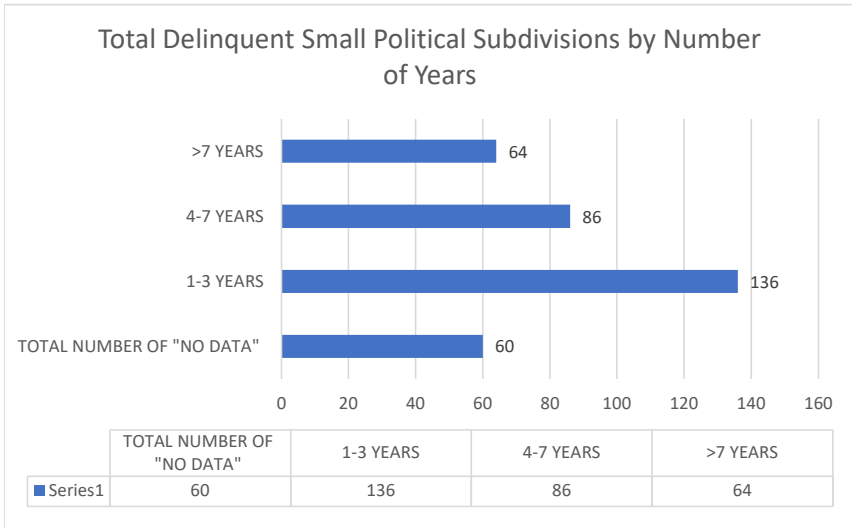
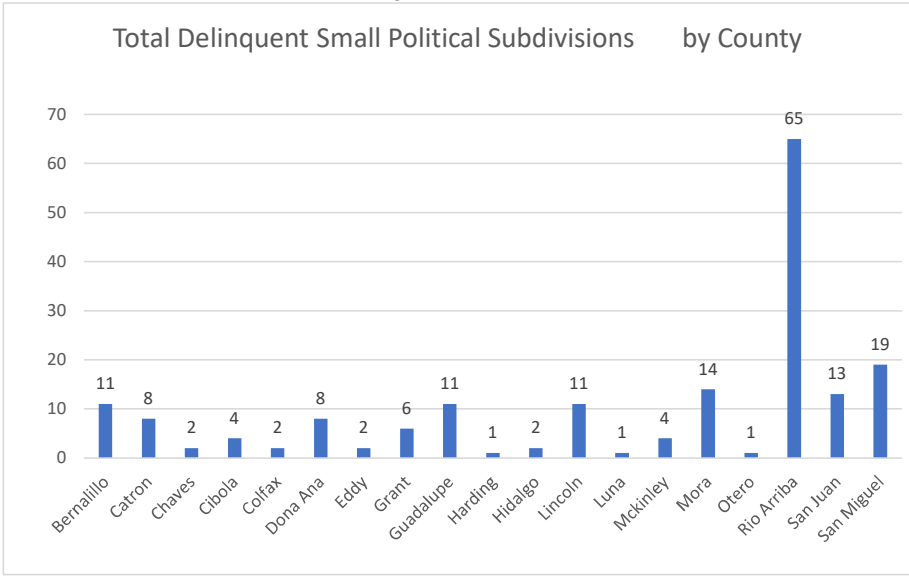
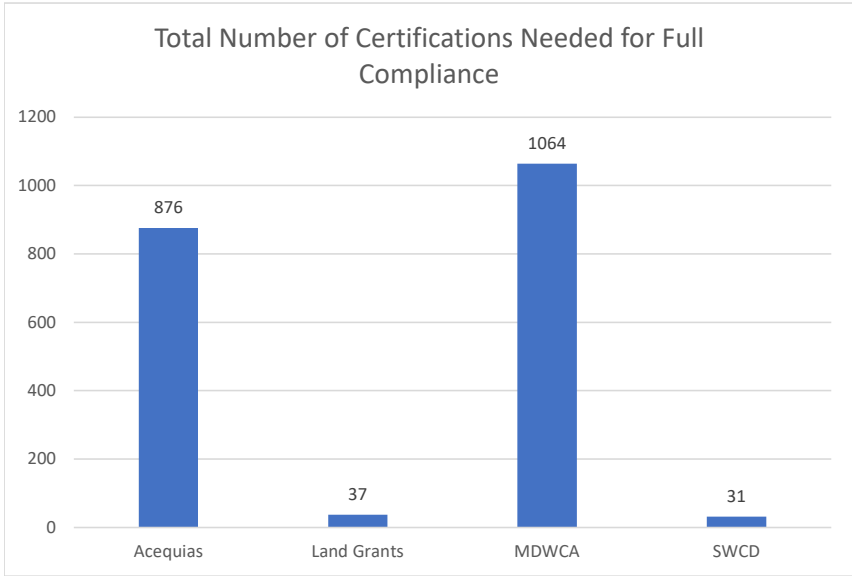
The goal of the Office of the State Auditor (OSA) is to bring all non-compliant SPS entities into full compliance, in a phased approach, by the end of Fiscal Year 2026. This will allow them to receive State capital outlay and Federal funding.

Our analysis demonstrates that if Independent Public Accountants (IPAs) pre-approved by our office were hired at an estimated average cost of \$2,000 per annual certification of compliance, a total cost of over \$4M would be required to achieve our goal. For various reasons such as lack of current IPA capacity, attempting to address all non-compliant entities in one fiscal year is untenable. Alternatively, the Office of the State Auditor proposes a multi-year strategy outlined below. The total cost estimate is subject to change as we gather actual cost information from the initial procurement and register additional SPS entities in our system (e.g., of more than 700 acequia associations, only 226 are registered in our system).

Strategy – Phased Multi-Year Approach

1. The OSA respectfully requests an initial, special appropriation of \$1 million for FY '24.
2. The OSA will incorporate the additional needed funding into its annual budget requests for FYs '25 and '26 to bring all SPS entities into compliance by June 30, 2026.
3. The State will be divided into four geographic quadrants on a county-by-county basis.
4. The OSA will determine which SPS entities are selected for review with priority given to entities with the highest number of FYs in non-compliance.
5. Once the non-compliant SPS entities have been selected for review, a Request for Proposal will be issued by the OSA that will allow IPAs to submit proposals for review of the selected entities as follows:
 - a. IPAs must bid for all selected SPS entities within a quadrant; that is, IPAs will be required to submit proposals to conduct the review work and bring the selected entities into compliance.
 - b. IPAs may submit proposals for review of all non-compliant SPS entities within multiple quadrants,
6. Proposals for the initial phase will be evaluated by the OSA and awarded for each quadrant by no later than August 31, 2023.
7. IPAs awarded contracts will be paid on a progress of completion basis.
8. Work will be required to be completed by no later than June 30, 2024.
9. Subsequent phases in FYs '25 and '26 will follow the same general timeline with full completion by June 30, 2026.

NM Office of the State Auditor
Small Political Subdivision Tier Certification Data as of January 2023



AUP = Agreed Upon Procedures Tiers 3-6 No Data = No Submissions on File

Tier Determination	Revenue Requirements	Exemptions/Requirements
Tier 1	Revenue < \$10,000 Entity <u>DID NOT</u> expend 50% or the remainder of a single Capital Outlay appropriation	Entity is exempt from submitting a financial report to OSA, and is not required to procure services with an IPA. The local body must certify to DFA-LGD that it meets the revenue threshold of Tier 1 (Tier Certification Required)
Tier 2	Revenue > \$10,000 but < \$50,000 Entity <u>DID NOT</u> expend 50% or the remainder of a single Capital Outlay appropriation	Entity is exempt from submitting a financial report to OSA, and is not required to procure services with an IPA. The local public body must certify to DFA-LGD that it meets the revenue threshold of Tier 2 (Tier Certification Required)
Tier 3	Revenue < \$50,000 Expended at least 50% or the remainder of a Capital Outlay Appropriation. Capital Outlay includes: ISC 90/10 (90%), Water Trust Board Funds, Colonias, etc. (Excludes Revenue)	Local public body is required to procure the services of an IPA for the performance of a Tier 3 AUP engagement in accordance with Tier 3 AUP checklist found on OSA's website.
Tier 4	Revenue >=\$50,000 but < \$250,000	Local public body is required to procure the services of an IPA for the performance of a Tier 4 AUP engagement in accordance with Tier 4 AUP checklist found on OSA's website.
Tier 5	Revenue >=\$50,000 but < \$250,000 Expended <u>ANY</u> Capital Outlay Appropriations	Local public body is required to procure the services of an IPA for the performance of Tier 5 AUP engagement in accordance with Tier 5 AUP checklist found on OSA's website.
Tier 6	Revenue >=\$250,000 but <\$500,000	Local public body is required to procure the services of an IPA for the performance of a Tier 6 AUP engagement in accordance with Tier 6 AUP checklist found on OSA's website.
Financial Audit	Revenue >= \$500,000	Tiered system does not apply and entity must procure the services of an IPA for the performance of a full financial and compliance audit in accordance with GAAP and State Audit Rules

ACEQUIAS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
1040	Acequia de los Vigiles	2019	3	1	Rio Arriba	87532
1080	Ferran Community Ditch Association	2019	3	AUP	Rio Arriba	87510
1094	La Joya Acequia	2019	3	1	Socorro	87028
1215	Acequia de los Garcia	2019	3	2	Rio Arriba	87582
1216	Las Acequias del Norte Y Sur de Los Hueros	2019	3	1	Mora	87734
1217	Acequia del Bordo	2019	3	1	Rio Arriba	87532
1218	Acequia del Llano de San Miguel	2019	3	1	Rio Arriba	87521
1219	Canones Arriba	2013	9	AUP	Rio Arriba	87544
3281	North-side Acequia Madre de Villanueva	2015	7	AUP	San Miguel	87519
3608	Acequia del Molino (Cundiyo)	2020	2	1	Rio Arriba	87522
13004	Acequia la Nueva	2018	4	AUP	Santa Fe	87506
13007	Acequia de los Chupaderos	2020	2	AUP	Santa Fe	87574
13008	Acequia de la Otra Banda (Santa Fe)	2018	4	1	Santa Fe	87594
13012	Acequia de Llano de San Juan de Nepumuceno	2015	7	2	Taos	87553
13013	Acequia de Chamita	2018	4	1	Rio Arriba	87566
13014	Acequia de la Plaza de Dixon	2018	4	1	Rio Arriba	87527
13015	Acequia el Pinabetal	2018	4	1	Rio Arriba	87515
13017	Acequia de Los Ranchos	2020	2	1	Rio Arriba	87522
13019	East Sandoval Acequia	2018	4	AUP	Sandoval	87025
13021	Cecilia Ditch Association	2012	10	AUP needed	Sandoval	87027
13022	Acequia de la Posecion	2018	4	1	Rio Arriba	87578
13023	Rio Chama Acequia Association	2012	10	AUP	Rio Arriba	87548
13025	La Puente Acequia Association	2018	4	1	Rio Arriba	87510
13026	Vado de Juan Pais Acequia Association	2019	3	2	Guadalupe	87711
13030	Acequia del Rincon (Santa Fe)	2018	4	AUP	Santa Fe	87504
13031	Acequia Barranco Alto	2020	2	1	Santa Fe	87544
13033	Rio Costilla Ditch Association	2014	8	2	Taos	87524
13034	Acequia del Potrero	2020	2	AUP	Rio Arriba	87522
13035	Acequia Agua Fria	2013	9	1	Santa Fe	87507
13036	Acequia del Ancon	2020	2	1	Rio Arriba	87566
13037	Acequia Barela	2014	8	1	Taos	87512
13041	Acequia de Jose Gabriel Ortiz	2014	8	1	Santa Fe	87506
13046	Acequia de la Canova	2019	3	AUP	Rio Arriba	87511
13049	Acequia de Los Barriales	2017	5	AUP	Rio Arriba	87539
13050	Acequia de los Cuarteles	2017	5	AUP	Santa Fe	87567

ACEQUIAS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
13053	Acequia de los Molinos	2020	2	1	Rio Arriba	87532
13054	Acequia de los Ortiz	2020	2	AUP	Santa Fe	87506
13055	Acequia De Los Pinos	2021	1	1	Bernalillo	87107
13061	Acequia de San Francisco de Pauda	2014	8	1	Taos	87571
13064	Acequia de Tecolotito	2019	3	AUP	Guadalupe	87112
13067	Acequia del Bosque	2017	5	1	Rio Arriba	87527
13071	Acequia del Llano	No data	12		Unknown	
13072	Acequia del Rancho	No data	12		Unknown	
13073	Acequia JJ Santistevan	2012	10	1	Taos	87512
13074	Acequia Larga de Jacona	2019	3	1	Santa Fe	87506
13075	Acequia los Gardunos	2014	8	1	Santa Fe	87506
13076	Acequia Madre de Carnuel	No data	12		Unknown	
13077	Acequia Madre de Las Vegas	2020	2	AUP	San Miguel	87701
13078	Acequia Madre de Santa Fe	2018	4	1	Santa Fe	87505
13080	Acequia Madre del Rio Grande del Rancho	2012	10	2	Taos	87557
13081	Acequia Madre Del Sur Del Rio Don Fernando	2010	11	1	Taos	87571
13082	Acequia Madre de La Loma and South La Loma	2018	4	1	Taos	87571
13084	Ancheta-Galaz Ditch	2015	7	1	Grant	88041
13086	Barranco Community Ditch (Abiquiu)	2013	9	1	Rio Arriba	87510
13087	Cedar Ditch Company	2017	5	2	San Juan	87410
13090	East Pecos Ditch Association	2019	3	1	San Miguel	87552
13091	East Puerto De Luna Acequia	2019	3	1	Guadalupe	88435
13093	El Llano de La Presa Ditch	2016	6	1	San Miguel	87565
13095	El Rito de la Lama Acequia Association	2014	8	1	Taos	87556
13097	Ferran Ditch Association	2012	10	1	Los Alamos	87544
13098	Gallina East & West Community Ditch	2014	8	1	Rio Arriba	87510
13103	Jemez Springs South Upper Ditch	2012	10	1	Sandoval	87025
13104	La Acequia De la Apodaca	2012	10	1	Rio Arriba	87527
13105	La Acequia de la Murulla	2012	10	1	Santa Fe	87501
13107	La Acequia del Encinal	2014	8	1	Mora	87715
13116	Acequia la Rosa de Castilla	2017	5	1	Sandoval	87043
13117	Las Acequias de Placitas	2020	2	AUP	Sandoval	87043
13119	Las Huertas Community Ditch	2019	3	1	Sandoval	87043
13120	Llano Community Acequia	2014	8	1	Grant	88041
13121	Los Pinos Ditch Association	2012	10	1	Sandoval	87103

ACEQUIAS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
13123	Luna Canyon Acequia	2010	11	1	Mora	87715
13125	Lutz Ditch Acequia	2013	9	1	Lincoln	88338
13128	North San Ysidro Acequia de la Placita	No data	12		Unknown	
13129	Ortega Community Ditch	2017	5	1	Rio Arriba	87532
13130	Randall Reservoir and Acequia Association	2015	7	AUP needed	Taos	87571
13131	Rinconada Community Ditch Association	2020	2	1	Rio Arriba	87531
13132	San Augustin Community Ditch	2020	2	1	San Miguel	87701
13133	San Jose De Hernandez Community Ditch	2017	5	1	Rio Arriba	87532
13134	San Jose Ditch Association	2013	9	1	Mora	87732
13136	San Miguel Community Ditch	2013	9	1	San Miguel	87560
13137	San Ysidro Community Ditch	2015	7	1	Sandoval	87053
13138	Sanchez-Lucero-Trujillo Ditch	2014	8	1	Taos	87549
13139	Storm Ditch	2018	4	AUP	Lincoln	88348
13141	Talpa Acequia	2014	8	1	Taos	87557
13142	Ponderosa Community Ditch	2016	6	2	Sandoval	87044
13143	Wardwell-Herron Community Ditch	2010	11	1	Grant	88034
13144	West Puerto de Luna Acequia Association	2015	7	1	Guadalupe	88435
13149	Acequia del Molino (Servilleta in Rio Arriba Co.)	2014	8	1	Rio Arriba	87531
13150	1892 Luna Irrigation Ditch Association	2019	3	1	Catron	87824
13153	Acequia del Jose Gabriel Ortiz	No data	12		Unknown	
13154	Acequia Mesa del Medio	2019	3	1	Rio Arriba	87012
13157	Acequia De Ojo Sarco	2019	3	1	Rio Arriba	87521
13158	Acequia de los Fresquez	2018	4	AUP	Santa Fe	87567
13159	Acequia de los Vigils	No data	12		Unknown	
13160	Acequia Madre de la Loma del Ranchito de Abajo-South Lateral	2014	8	1	Taos	87571
13163	La Rosa de Castilla Acequia	No data	12		Unknown	
13164	Acequia de las Canovas	2021	1	1	Rio Arriba	87532
13166	Acequia Madre de Rio Costilla	2020	2	1	Taos	87524
13168	Acequia de la Sierra (Holmen in Mora County)	2015	7	1	Mora	87723
13169	Acequia del Alto del Norte	2019	3	1	Mora	87732
13171	Monticello Community Ditch	2017	5	2	Sierra	87939
13172	Farmington ECHO Ditch Co.	2014	8	2	San Juan	87499
13173	Acequia Madre del Cerro de Guadalupe	2015	7	1	Taos	87519
13174	Cabresto Lake Irrigation Association	2016	6	2	Taos	87556
13178	Acequia de la Otra Vanda	2018	4	1	Rio Arriba	87532

ACEQUIAS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
13179	Farmer's Mutual Ditch Company	2018	4	AUP	San Juan	87417
13180	San Jose de La Cienega Community Ditch Association (San Fidel)	2021	1	1	Cibola	87049
13181	Murray Acres Irrigation Association	2016	6	1	Cibola	87021
13190	Acequia de La Mesa Prieta	2015	7	1	Taos	87549
13191	La Cueva Ditch Association	2020	2	1	Rio Arriba	87539
13193	Rinconada Isla Community Ditch Association	2019	3	2	Rio Arriba	87582
13194	East Pecos Water Association	No data	12		Unknown	
13196	Vallecito Acequia Association	No data	12		Unknown	
13200	Abeyta-Trujillo Ditch	2020	2	AUP	Rio Arriba	87510
13201	Pleasanton Eastside Ditch Association	2020	2	1	Catron	88039
13202	Cassidy Mill Ditch / Cleveland Mill Ditch	No data	12		Unknown	
13204	El Guicu Community Ditch Association	2019	3	1	Santa Fe	87507
13205	Acequia de los Ranchitos	2020	2	1	Guadalupe	87711
13206	Acequia de los Ranchitos de Anton Chico	No data	12		Unknown	
13210	Acequia Del Rito de Diego	2018	4	1	San Miguel	87701
13211	Acequia de la Otra Banda (Cordova)	2018	4	1	Rio Arriba	87523
13213	Acequia del Llano (Nambe)	2018	4	AUP	Santa Fe	87594
13216	Teodoro y Teodora Acequia	2018	4	1	Santa Fe	87507
13217	Las Palomas Community Ditch	2020	2	1	Sierra	87942
13219	Acequia Del Llano (Canjilon)	2016	6	1	Rio Arriba	87515
13220	Acequia de Los Chavez	2017	5	1	Rio Arriba	87539
13222	Acequia del Finado Francisco Martinez	2020	2	1	Taos	87557
13224	Dan Archuleta Ditch	No data	12		Taos	87557
13225	Acequia Del Ancon De Saracino	2018	4	1	San Miguel	87560
13226	Acequia de Jose Pablo Gonzales	2019	3	1	Rio Arriba	87510
13228	Questa Citizens Ditch Association	2017	5	2	Taos	87556
13230	Pilar Acequia Association	2015	7	1	Taos	87531
13235	North Farmington Ditch	2020	2	2	San Juan	87401
13236	Acequia del Rancho (Santa Fe)	2019	3	1	Santa Fe	87506
13237	Acequia de los Garcias Duranes	2019	3	1	Rio Arriba	87532
13239	Acequia de la Placita	2018	4	1	Rio Arriba	87522
13243	Santa Rosa Swamp Ditch	2019	3	1	Guadalupe	88435
13244	Acequia de Los Trujillos	2020	2	2	Santa Fe	87506
13245	Hormigoso Acequia	2014	8	1	Guadalupe	87711
13246	Rancho Grande Water Association	2020	2	2	Catron	87830

ACEQUIAS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
13248	Acequia de la Canada Ancha	2018	4	2	Rio Arriba	87522
13250	Parajito Community Ditch	2018	4	1	Bernalillo	87105
13251	Acequia del Medio	2018	4	1	Rio Arriba	87527
13252	Vallecitos West Ditch	2019	3	1	Santa Fe	87501
13255	Acequia del Molino (La Madera)	2018	4	1	Rio Arriba	87539
13256	Polvadera #1 Acequia Association	2019	3	1	Rio Arriba	87513
13257	M-B Ditch	2020	2	AUP	Santa Fe	87501
13259	Vallecitos East Ditch	2019	3	1	Rio Arriba	87581
13260	The Casidy Ditch	2019	3	1	Mora	87715
13261	Acequia de las Trampas	2019	3	1	Taos	87576
13264	Acequia Madre de los Romeros	No data	12		Unknown	
13266	Cubero Acequia Association	No data	12		Unknown	
13267	Acequia de los Ranchitos de Anton Chico	No data	12		Unknown	
13270	New Mexico New Model Canal Community Ditch	No data	12		Unknown	
13273	Acequia de la Plaza (Espanola)	2021	1	1	Rio Arriba	87532

TOTAL NUMBER OF CERTIFICATIONS NEEDED FOR FULL COMPLIANCE	876
TOTAL NUMBER OF DELINQUENT ACEQUIA ENTITIES	155
TOTAL NUMBER OF "NO DATA"	16
1-3 YEARS	56
4-7 YEARS	50
>7 YEARS	33

LAND GRANTS

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
12001	Abiquiu (Mercedes Del Pueblo Abiquiu) Land Grant	2021	1	AUP	Rio Arriba	87510
12003	Canon de Carnue	2016	6	2 / At Risk	Bernalillo	87059
12008	Don Fernando de Taos	2021	1	1	Taos	87571
12012	La Merced del Pueblo de Chilili	2021	1	AUP	Bernalillo	87059
12019	Santa Gertrudis de lo de Mora	2020	2	1 / At Risk	Mora	87723
12023	Santo Domingo de Cundiyo	2021	1	1	Rio Arriba	87522
12025	Tecolote	2019	3	2 / At Risk	Mora	87701
12026	Merced de los Pueblos de Tierra Amarilla	2021	1	1	Rio Arriba	87575
12027	Town of Tome	2021	1	AUP	Valencia	87060
12028	San Antonio del Rio Colorado	2018	4	1 / At Risk	Taos	87556
12029	San Antonio de Las Huertas	2021	1	2	Sandoval	87043
12030	Tajique	2021	1	1	Torrance	87016
12031	Atrisco - Board of Elders	2016	6	1 / At Risk	Bernalillo	87105
12033	Torreon Land Grant	2021	1	1	Torrance	87061
16572/12035	Town of Atrisco Grant Merced	2015	7	1 / At Risk	Bernalillo	87105

TOTAL NUMBER OF CERTIFICATIONS NEEDED FOR FULL COMPLIANCE	37
TOTAL NUMBER OF DELINQUENT LAND GRANT ENTITIES	15
1-3 YEARS	11
4-7 YEARS	4

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3003	Agua Negra MDWCA	No data	12		Unknown	
3007	Agua Sana MDWCA	2018	4	AUP	Rio Arriba	87537
3010	Algodones MDWCA	2016	6	AUP	Sandoval	87001
3011	Ancones MDWCA	2019	3	2	Rio Arriba	87539
3021	Aragon MDWCA	2015	7	1	Sandoval	87027
3027	Arroyo Del Agua MDWCA	No data	12		Unknown	
3033	Barranco MDWCA	No data	12		Unknown	
3036	Berino MDWCA	No data	12		Unknown	
3037	Bibo MDWCA	No data	12		Unknown	
3040	Bluewater Acres Domestic Water Consumers Assoc.	No data	12		Mckinley	87323
3042	The Blue Water Lake MDWCA	2020	2	2	Mckinley	87045
3045	Brazito MDWCA	2018	4	1	Rio Arriba	87515
3051	Buena Vista MDWCA	2020	2	2	Mora	87712
3054	Butterfield Park	No data	12		Unknown	
3061	Canon MDWCA	2017	5	AUP	Taos	87571
3063	Canon Plaza MDWCA	2014	8	AUP	Unknown	
3066	Canones MDWCA	2015	7	AUP	Santa Fe	87502
3072	Capulin MDWCA	2020	2	2	Santa Fe	87502
3077	Cedar Crest MDWC & SWA	2018	4	2	Rio Arriba	87017
3078	Cedar Grove MDWCA	2011	11	1	Bernalillo	87008
3081	Cerro Regional MDWCA	2019	3	2	Unknown	
3087	Chamisal MDWCA	2018	4	2	Taos	87521
3091	Chilili MDWCA	No data	12		Unknown	
3093	Chimayo MDWCA	No data	12		Unknown	
3096	Chupadero Water-Sewage Corp	2020	2	2	Santa Fe	87502
3102	Cordova MDWCA	2021	1	2	Rio Arriba	87523
3103	Correo MDWCA	2020	2	2	Cibola	87026
3105	Costilla MDWCA	2014	8	2	Unknown	
3108	Coyote Creek MDWCA	No data	12		Unknown	
3114	Cundiyo MDWCA	No data	12		Unknown	

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3117	Del Rio MDWCA	No data	12		Unknown	
3118	Desert Aire MDW & SWA	2019	3	AUP	Dona Ana	88021
3123	Dilia MDWCA (dissolution)	No data	12		Unknown	
3126	Dixon MDWCA	2021	1	2	Rio Arriba	87527
3129	Dog Canyon MDWCA	No data	12		Unknown	
3135	Dungan MDWCA	2010	11	1	Unknown	
3138	East Pecos MDWCA	2021	1	AUP	San Miguel	87552
3141	El Alto MDWCA	No data	12		Unknown	
3144	El Ancon MDWCA	2020	2	2	San Miguel	87560
3147	El Coruco MDWCA	2013	9	2	Unknown	
3150	El Llano MDWCA	2010	11	2	Unknown	
3153	El Rito Canyon MDWCA	No data	12		Unknown	
3156	El Rito Water & Wastewater Association	2020	2	2	Rio Arriba	87530
3162	Ensenada MDWCA	2020	2	2	Rio Arriba	87575
3164	French MDWCA	No data	12		Colfax	87747
3169	Gallina MDWCA	2013	9	1	Unknown	
3174	Greater Glorieta MDWCA	2015	7	2	Unknown	
3183	Guadalupita	2020	2	2	Mora	87722
3186	Hanover MDWCA	2016	6	AUP	Grant	88061
3189	Hillsboro MDWCA	2016	6	2	Sierra	88042
3192	Ilfeld MDWCA	2013	9	2	Unknown	
3195	La Cienega MDWCA	2021	1	AUP	Santa Fe	87592
3201	La Joya MDWCA	No data	12		Unknown	
3210	La Madera MDWCA	2021	1	1	Rio Arriba	87539
3216	La Pasada MDWCA	No data	12		Unknown	
3219	Cuatro Villas MDWCA (formerly La Puebla)	2014	8	2	Santa Fe	87567
3222	Las Tusas MDWCA	2014	8	2	Unknown	
3223	Lamy MDWCA	2020	2	2	Santa Fe	87502
3224	Lake Roberts Water Users Association/MDWCA	2015	7	2	Unknown	
3228	Ledoux MW	2020	2	AUP	Mora	87732

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3237	Llano Chimayo MDWCA	No data	12		Unknown	
3240	Llano Quemado MDWCA	2021	1	AUP	Taos	87557
3243	Llano San Juan MDWCA	No data	12		Unknown	
3252	Lower Des Montes MDWCA	2021	1	AUP	Taos	87514
3261	Manzano MDWCA	2011	11	1	Unknown	
3264	Montecito MDWCA	No data	12		Unknown	
3266	Monument MDWCA	2014	8	2	Unknown	
3268	Moquino MDWCA	No data	12		Unknown	
3269	Navajo Dam MDWCA	2021	1	AUP	San Juan	87419
3273	Nogal MDWCA	2017	5	2	Lincoln	88341
3274	North Cleveland MDWCA	2012	10	1	Mora	87715
3276	North Hurley MDWCA	No data	12		Unknown	
3279	North San Ysidro MDWCA	No data	12		Unknown	
3280	North Star MDWCA	2021	1	Audit	San Juan	87410
3281	North-side Acequia Madre de Villanueva	No data	12		San Miguel	87583
3285	Ojo Feliz MDWCA	No data	12		Unknown	
3288	Ojo Sarco MDWCA	2017	5	2	Taos	87521
3289	Organ MDWCA	No data	12		Unknown	
3291	Orogrande MDWCA	No data	12		Unknown	
3292	Paa-Ko Communities Sewer Association	2021	1	Audit	Bernalillo	87110
3294	Pecan Park MDWCA	2011	11	2	Unknown	
3297	Penasco MDWCA	2021	1	AUP	Taos	87553
3298	Pendaries Village MDWCA	2021	1	AUP	San Miguel	87742
3303	Pie Town MDWCA	2017	5	2	Catron	87827
3306	Pinos Altos MDWCA	No data	12		Unknown	
3310	Plaza Blanca	No data	12		Rio Arriba	87551
3312	Polvadera MDWCA	2020	2	AUP	Socorro	87823
3315	Ponderosa MDWCA	2021	1	AUP	Sandoval	87044
3318	Puerto De Luna MDWCA	2012	10	AUP	Guadalupe	88435
3321	Punta De Agua MDWCA	2019	3	1	Torrance	87036

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3322	Quemado MDWCA	2019	3	AUP	Catron	87829
3324	Rachos De Taos MDWCA	2011	11	2	Unknown	
3327	Regina MDWCA	2021	1	AUP	Sandoval	87027
3329	Rio Chiquito MDWCA	2021	1	2	Rio Arriba	87522
3330	Rio En Medio MDWCA	2017	5	1	Santa Fe	87574
3336	Rio Pecos Villa MDWCA	2016	6	1	Guadalupe	88435
3339	Rivera MDWCA	2018	4	2	Guadalupe	88435
3342	Rodarte MDWCA	2020	2	2	Taos	87553
3343	Rodeo MDWCA	No data	12		Unknown	
3348	Rowe MDWCA	2020	2	1	San Miguel	87562
3351	Rutheron Water Association	2021	1	AUP	Rio Arriba	87551
3354	San Acacia MDWCA	2011	11	2	Unknown	
3357	San Antonio de Cleveland	2020	2	2	Mora	87715
3363	San Cristobal MDWCA	2019	3	2	Taos	87564
3366	San Jose MDWCA	2020	2	2	San Miguel	87560
3369	San Mateo MDWCA	2013	9	2	Unknown	
3372	San Miguel MDWCA	2013	9	1	Unknown	
3378	Sangre De Cristo MDWCA	2021	1	AUP	Guadalupe	87711
3382	Saboyeta MDWCA	No data	12		Unknown	
3384	Sena MDWCA	2013	9	1	Unknown	
3390	Soham MDWCA	No data	12		Unknown	
3391	South Holman MDWCA	2012	10	2	Unknown	
3394	Southside MDWCA	2020	2	AUP	San Juan	87410
3396	South San Ysidro MDWCA	2013	9	1	Unknown	
3399	Tajique MDWCA	2010	11	2	Unknown	
3405	Tecolote MDWCA	2014	8	1	San Miguel	87701
3414	Tierra Amarilla MDWCA	No data	12		Unknown	
3417	Torreon MDWCA	2019	3	2	Torrance	87061
3426	Truchas MDWCA	No data	12		Unknown	
3432	Tyrone MDWCA	2015	7	2	Unknown	

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3435	Upper Arroyo Hondo MDWCA	2017	5	AUP	Taos	87513
3438	Upper Canoncito MDWCA	2013	9	1	Unknown	
3441	Upper Des Montes MDWCA	No data	12		Taos	87514
3444	Upper Dilia MDWCA	No data	12		Unknown	
3447	Upper Holman MDWCA	2021	1	AUP	Mora	87723
3450	Vadito MDWCA	2017	5	2	Taos	87579
3456	Valdez MDWCA	2017	5	2	Taos	87514
3460	Valley Water and Sanitation District	2021	1	AUP	San Juan	87401
3462	Velarde MDWCA	2020	2	AUP	Rio Arriba	87582
3465	Villanueva MDWCA	2013	9	AUP	Unknown	
3468	Vista Redonda MDWCA	No data	12		Unknown	
3475	Westside Community Dwellers MDWCA	No data	12		Unknown	
3480	Youngsville MDWCA	No data	12		Unknown	
3481	Pineywoods Estates Water Association, Inc.	No data	12		Unknown	
3488	Pastura MDWCA	2014	8	1	Unknown	
3490	Quemado Lake Water Association	2021	1	AUP	Catron	87829
3610	Flora Vista MDWCA	2021	1	Audit	San Juan	87415
3611	Chapelle MDWCA	2021	1	2	San Miguel	87569
3612	Gamerco Water & Sanitation	2021	1	AUP	Mckinley	87317
3613	Rio Arriba Regional Association of Water Users	2014	8	1	Unknown	
3615	Low Mesa MDCA	2014	8	1	Unknown	
3616	Colonias MDWCA	2014	8	1	Unknown	
3617	High Valley MDWCA	2018	4	2	Dona Ana	88021
3618	Union del Llano MDWCA	2020	2	2	Taos	87543
3619	Pine River MDWCA	2016	6	2	San Juan	87419
3622	Green Ridge MDWCA	2015	7	2	Unknown	
3623	Chama West Water Users Association	2016	6	2	Rio Arriba	87520
3624	East Culpepper Flats MDWCA	2014	8	2	Unknown	
3628	Tijeras Water Cooperative	2019	3	2	Bernalillo	87197
3630	Tierra Monte Water Users Inc.	2020	2	AUP	Bernalillo	87122

MUTUAL DOMESTIC WATER CONSUMER ASSOCIATIONS (MDWCA)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
3631	Trout Mountain Water Association	2016	6	1	Grant	88061
3632	West Rim MDWCA	2020	2	AUP	Taos	87529
3637	Pajarito MDWCA	2020	2	1	Torrance	87035
3638	North Park MDWCA	2018	4	2	Chaves	88202
3645	Jewett Valley Water Users Association	2016	6	2	San Juan	87421
3649	Talavera MDWCA	2021	1		Dona Ana	88003
3653	Gonzales Ranch MDWCA	2019	3	2	San Miguel	87560
13189	Vista del Rey Water Association	2019	3	2	Dona Ana	88072
3013/3015	Anton Chico MDWCA	No data	12		Unknown	
3643/4107	Valley Estates Water & Sewr Association	2017	5	2	Rio Arriba	87533

TOTAL NUMBER OF CERTIFICATIONS NEEDED FOR FULL COMPLIANCE	1,064
TOTAL NUMBER OF DELINQUENT MDWCA ENTITIES	161
TOTAL NUMBER OF "NO DATA"	43
1-3 YEARS	56
4-7 YEARS	30
>7 YEARS	31

SOIL AND WATER CONSERVATION DISTRICTS (SWCD)

Agency #	Entity Name	Last Year Submitted	# of years needed for full compliance	Last Tier Level Submitted	County	Zip
8003	Canadian River	2018	4	2 / At Risk	Quay	88401
8008	Central Valley	2020	2	2 / At Risk	Eddy	88210
8011	Colfax	2019	3	2 / At Risk	Colfax	87740
8015	Deming	2021	1	2	Luna	88030
8022	Hidalgo	2021	1	2	Hidalgo	88045
8023	Dona Ana	2020	2	2 / At Risk	Dona Ana	88008
8024	Lava	2017	5	AUP / At Risk	Cibola	87020
8027	Mesa	2020	2	2 / At Risk	Harding	87746
8031	Penasco	2020	2	2 / At Risk	Eddy	88210
8032	Quemado	2020	2	2 / At Risk	Dona Ana	87821
8034	Salado	2020	2	2 / At Risk	Catron	87821
8035	San Francisco	2021	1	2	Catron	88039
8037	Santa Fe-Pojoaque	2021	1	2	Santa Fe	87507
8040	Southwest Quay	2020	2	1 / At Risk	Quay	88124
8047	Western Mora	2021	1	AUP / At Risk	Mora	87732

TOTAL NUMBER OF CERTIFICATIONS NEEDED FOR FULL COMPLIANCE	31
TOTAL NUMBER OF DELINQUENT SWCD ENTITIES	15
1-3 YEARS	13
4-7 YEARS	2

At-Risk Lists

At-Risk Lists

Purpose and Frequently Asked Questions

At Risk” list includes two distinct components. “Late Reports” highlights certain categories of entities that have not filed timely financial reports in compliance with the deadlines set forth in the Audit Act (NMSA 1978, Section 12-6-3) and the Audit Rule (2.2.2. NMAC). Entities on the Late Reports section of the list are “at-risk” in the sense that their financials have not been examined during the relevant fiscal year(s). If entities receiving public funds are not audited the risks of misstatements or fraud, waste and abuse increase.

In January 2016, the Office of the State Auditor added a second component of the list to bring greater awareness to entities that filed their financial reports on time, but whose independent auditors have concluded that there may be material and pervasive misstatements in the financial statements (adverse opinion) or that there is insufficient basis to form an opinion and any undetected misstatements could be material and pervasive (disclaimer of opinion). These entities are listed under the “Adverse or Disclaimer of Opinion” section.

- 1. Late Reports (Updated January 25, 2023)**
- 2. Adverse or Disclaimed Opinions (Updated January 25, 2023)**
- 3. Overview of Audit Opinion**

"At-Risk" List: Late Reports

Updated: 1/25/2023

Type	Agency #	Agency Name	Last Year of Audit Act Compliance	Most Recent Financial Audit Opinion
Municipalities	6020	Village of Capitan	FY20	Disclaimer
Municipalities	6050	Village of Des Moines	FY20	In Review
Municipalities	6160	City of Santa Fe	FY20	Unmodified
Municipalities	6174	City of Texico	FY20	Disclaimer
Municipalities	6186	Village of Willard	FY19	AUP (No Opinion Rendered)
Special Districts	6160-B	Buckman Direct Diversion	FY20	Unmodified
Special Districts	4017	Bluewater Water & Sanitation District	FY19	AUP (No Opinion Rendered)
Special Districts	4098	Ramah Water & Sanitation District	FY13	In Review
Special Districts	4099	Santa Fe Solid Waste Management Agency	FY20	Unmodified
Special Districts	4107	Valley Estates Mutual Estates Water & Sewer Association	FY16	AUP (No Opinion Rendered)
Soil and Water	8003	Canadian River Soil & Water Conservation District	FY18	Tier Certification
Soil and Water	8008	Central Valley Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8011	Colfax Soil & Water Conservation District	FY16 Missing, FY19	Tier Certification
Soil and Water	8023	Dona Ana Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8024	Lava Soil & Water Conservation District	FY17	AUP (No Opinion Rendered)
Soil and Water	8027	Mesa Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8031	Penasco Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8032	Quemado Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8034	Salado Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8040	Southwest Quay Soil & Water Conservation District	FY20	Tier Certification
Soil and Water	8047	Western Mora Soil and Water Conservation District	FY20	AUP (No Opinion Rendered)
Higher Education	972	Mesalands Community College	FY20	Unmodified
Land Grant	12003	Canon de Carnue Land Grant	FY16	Tier Certification
Land Grant	12004	Cebolleta Land Grant	FY20	Multiple (See Audit Report)
Land Grant	12019	Santa Gertrudis de lo de Mora Land Grant	FY19	Tier Certification
Land Grant	12025	Tecolote Land Grant	FY19 (CYE)**	Tier Certification
Land Grant	12028	San Antonio del Rio Colorado Land Grant	FY17 (CYE)**	Tier Certification
Land Grant	12031	Atrisco Land Grant	FY16 (CYE)**	Tier Certification
Land Grant	12035	Town of Atrisco Grant- Merced	FY15 (CYE)**	Tier Certification

* List may not include mutual domestic water consumers associations, acequias, public improvement districts, tax increment development districts, housing

** Calendar Year End

"At-Risk" List: Adverse or Disclaimed Opinions

Type	Agency #	Agency Name	FY21 Financial Audit Opinion
State Agency	924	Public Education Department	Multiple: Including Disclaimer, See Audit Report for further detail
Municipality	6014	Town of Bernalillo	Multiple: Including Disclaimer, See Audit Report for further detail
Municipality	6098	Village of Jemez Springs	Disclaimer
Municipality	6134	Village of Pecos	Disclaimer
Municipality	6162	City of Santa Rosa	Disclaimer
Municipality	6182	Town of Vaughn	Multiple: Including Disclaimer, See Audit Report for further detail
Local Public Body	4044	Estancia Valley Solid Waste Authority	Multiple: Including Disclaimer, See Audit Report for further detail

What is an audit? What is an audit opinion? In a government audit, an auditor determines whether the financial statements of an entity are presented fairly in all material respects and in accordance with accounting standards by reviewing the underlying information and processes that went into preparing the financial statements. Audit reports include an opinion as to whether there is a reasonable assurance that the financial statements are free from material misstatements.

TYPES OF AUDIT OPINIONS

UNMODIFIED OPINIONS

The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

MULTIPLE OPINIONS occur when the auditor expresses different opinions on various aspects of the financial statements.

MODIFIED OPINIONS

A qualified opinion, an adverse opinion, or a disclaimer of opinion.

Qualified Opinion

The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Adverse Opinion

After having obtained enough good audit evidence, the auditor concludes that misstatements, individually or when grouped with other misstatements, are both material and pervasive to the financial statements.

Disclaimer of Opinion

The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.