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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/2008
LAST UPDATED 1/25/2008 HB _____

SPONSOR Rawson

SHORT TITLE Regional Housing Audit Service SB 134

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
\$100.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to SB 8 – Housing Audits Service Purposes

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Auditor (OSA)

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 134 appropriates \$100 thousand from the general fund to the Office of the State Auditor for the purpose of conducting a complete financial audit of regional housing authorities.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

Laws of 2007, Chapter 50, Section 8 appropriated \$200 thousand to OSA for an accounting of all assets acquired by regional housing authorities. Of the appropriated amount \$70 thousand was spent on the accounting of assets, the balance available for a financial accounting is \$130 thousand.

OSA estimates the total cost to conduct a financial audit on all regional housing authority is \$300 thousand. SB 134 in conjunction with SB 8 will provide OSA more adequate funding to complete the financial audits of the regional housing authorities – available funding would be \$230 thousand. OSA states that time and resources would be needed to locate financial records that are not readily available for the audit.

The New Mexico Mortgage Finance Authority (MFA) reports that region III which covers the counties of Bernalillo, Sandoval, Torrance and Valencia is in need of completing audits from FY03-04 to FY06-07 and region IV which covers the counties of Union, Harding, Quay, Guadalupe, Curry, De Baca, and Roosevelt is in need of completing audits from FY04-05 to FY06-07. Regions V (Catron, Grant, Hidalgo & Luna counties) & VI (Lincoln, Chaves, Otero, Eddy & Lea counties) are up-to-date on their audits. Regions I, II, & VII have dissolved. Financial records for region I & VII have been transferred to region III and region II financial records have been transferred to the Santa Fe Housing Authority.

PERFORMANCE IMPLICATIONS

OSA expresses concern that the timeframe to conduct the audit may be difficult for OSA due to other commitments and performance measures already committed to meet.

COMPANIONSHIP

SB 134 is a companion to Senate Bill 8 that appropriates \$200 thousand from the general fund to the Office of the State Auditor for the purpose of conducting a complete financial audit of regional housing authorities.

Senate Bill 8 will amend Laws 2007, Chapter 50, Section 8. \$70 thousand appropriated in Laws 2007, Chapter 50, Section 8 has already been spent to conduct an accounting of assets for regional housing authorities. Balance available is \$130 thousand.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Fiscal detail of each regional housing authority will not be available.

JLL/nt