New Mexico Office of the State Auditor
Fiscal Year 2017 Application for Financial Assistance to Complete Financial Reporting Requirements Under the Audit Act

Application Information: The Office of the State Auditor (OSA) is offering financial assistance to "small political subdivisions" for the specific purpose of assisting these agencies in completing their financial reporting requirements under the Audit Act (Sections 12-6-1 through 12-6-14 NMSA 1978) for fiscal year 2016 and prior years. A "small political subdivision" includes mutual domestic water consumers associations, land grants, certain municipalities and special districts (including but not limited to soil and water conservation districts, acequias, water and sanitation districts, etc.).

Financial assistance awarded by the OSA may be used by agencies that must complete, on an annual basis, either 1) a full financial and compliance audit or 2) an agreed-upon procedures under the "tiered system of financial reporting." In general, agencies that qualify for the tiered system do not have to complete annual financial and compliance audits. However, the agency must comply with the requirements of the specific "tier" that corresponds with the agency's annual revenue. This may include the requirement that your agency submit an "agreed-upon procedures" financial report for a specific fiscal year. If your agency is a small political subdivision and has less than $500,000 in annual revenue in a fiscal year, you may qualify for the tiered system. Under the tiered system, an agency's annual revenue is calculated on a cash basis of accounting and excludes federal grant revenue, private grant revenue and capital outlay awards received by the agency from the State of New Mexico. This application packet contains information to assist you in determining which tier, if any, applies to your agency.

Depending on the specific circumstances that apply to your agency, you may be eligible for financial assistance to cover the costs of completing your audit reports or agreed-upon procedures reports for fiscal year 2016 or prior years in which your agency has failed to submit the required reports. The engagements may either be performed by the OSA or an independent public accountant (IPA) procured by your agency and approved by the State Auditor.

The OSA will give priority in its financial assistance determinations to small political subdivisions that 1) demonstrate financial need or hardship associated with completing their audit reports or agreed-upon procedures reports; and 2) demonstrate that their noncompliance with financial reporting requirements will adversely impact its eligibility to receive other federal or state funding.

About the Application Process: The application process includes these steps:

- Determine whether your agency is required to submit audit reports or agreed-upon procedures reports for fiscal year 2016 or prior years. Please refer to the "Form for

Determining Type of Reporting Requirements and IPA Services Needed" to assist in your determination. Please note that the tiered system of financial reporting became effective on July 1, 2010. Only agencies that fall within Tiers 3, 4, 5 or 6 are required to submit agreed-upon procedures reports.

- Complete the application form in this packet with supporting documentation. Agencies that fail to provide the OSA with necessary information about their finances will be deemed ineligible for financial assistance.

- **Submit the application to the OSA by August 31, 2016 (forms must be postmarked by that date)**.

- The OSA will review the application and determine the level of financial assistance, if any, is necessary to assist your agency in complying with financial reporting requirements.

- The OSA will notify your agency regarding the determination. If the OSA makes a determination that your agency should receive financial assistance, the notification will specify the amount of funding and whether the financial audit agreed-upon procedures engagement(s) is to be performed by the OSA or an IPA procured by the agency and approved by the State Auditor.

Filing Your Application: Please mail your completed application form and copies of all supporting documentation to:

Financial Assistance Evaluation Committee
Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87507

All applications must be postmarked no later than August 31, 2016. Failure to meet the application submission deadline of August 31, 2016 may jeopardize your agency's eligibility for funding.

Please call the Office of the State Auditor at 505-476-3800 should you have any questions about this application.

Office of the State Auditor - Fiscal Year 2017 Application Form
Financial Assistance for Small Political Subdivisions – Audit Act Compliance

Note: Please attach supporting documentation where indicated on this form. You may also attach additional pages if extra space is needed to answer the questions below.

PLEASE ENSURE APPLICATION IS COMPLETE PRIOR TO SUBMISSION.

I. Agency Contact Information

Name of Agency: _____
Physical Address: _____
Mailing Address: _____

Agency Head Information
Name and Title: _____
Phone Number(s): _____ Email Address: _____

Agency Primary Contact Information
Name and Title: _____
Phone Number(s): _____ Email Address: _____

Your Agency's Operating Year (example: Jan. through Dec. or July through June) _____

II. Type of Financial Assistance Requested

1. Please indicate the years for which you are requesting financial assistance to complete your financial reporting requirements. Please also indicate the type of reporting needed (if reporting is required under the tiered system, please indicate the specific Tier applicable). (Please refer to the Tier Determination Form in Appendix A)

Fiscal Year Ended		Type of Reporting Needed

2. For the year(s) indicated above, please explain why your agency has not met or will not meet the financial reporting requirements.

3. Please explain any efforts your agency has made to procure an independent public accountant (IPA). (Please provide any and all supporting documents, such as the names of the Audit firms, the dollar amount of the quotes, etc.)

III. Additional Financial Information

1. Please describe the governing structure of your agency. For example, if your agency has a governing board, please indicate how many board members, whether they are elected and how often the board meets.

2. Please describe the financial management administration of your agency. Please indicate who keeps and prepares your financial records, the types of financial records that individual prepares or maintains (e.g., annual financial reports, financial statements, etc.) and what financial experience/expertise that individual possesses.

3. Please indicate your agency's total annual revenue for the following fiscal years. Please also include a detailed breakdown or description of the source of the funds (please include supporting documentation such as annual financial reports, if available, and/or bank statements).

Fiscal Year	Annual Revenue
2012	$
2013	$
2014	$

2015	$
2016	$

4. Please enter your ending cash balances for your applicable fiscal year end for all bank accounts for your agency. In the lines below, please also explain in detail your Agency's current financial situation. ***Please include copies attached to this application of all the agency's bank statements*** **for your applicable year end date. (For example: June 30 fiscal year end entities would provide bank statements for June 2016 and July 2016. December 31st fiscal year end entities would provide bank statements for December 2015 and January 2016)**

For Fiscal Year ending June 30th please complete below:

June ending cash balance	$
July ending cash balance	$

For Fiscal Year ending December 31st please complete below:

December ending cash balance	$
January ending cash balance	$

5. What funding does the agency currently receive from outside agencies? (Please include all supporting documentation.)

6. Please describe any funding your Agency has applied for or currently receives from the State (e.g. capital outlay).

   A. Please include the date and dollar amount of the Capital Outlay Appropriations received by the Agency.

Date	Amount
	$
	$
	$

	$

(If your Agency has not received Capital Outlay but has received other types of state funding, please move on to line C.)

B. For the Capital Outlay Appropriations indicated above, has the agency used/expended 50% of, or the remainder of, that appropriation?

☐Yes ☐No

(If the Agency has not expended 50% of, or the remainder of the appropriation, and has revenues less than $50,000, the Agency will only need to submit a Tier 1 or 2 certification for those years.)

C. Please indicate the type of other State funding the agency has received. (e.g., Interstate Stream Commission, Colonias, Water Trust Board, etc.)

Type	Date Received	Direct or Indirect	Dollar Amount
			$
			$
			$
			$

(*Directly* refers to if the funds were deposited into an account belonging to the agency. *Indirectly* refers to if the funds were paid directly to the engineer, contractor, etc. from the awarding entity.)

7. Please indicate if any State and/or Federal funding is currently in jeopardy due to your agency's failure to submit the required audit or agreed-upon procedures reports under the Audit Act. (Please include all supporting documentation. For example, if your agency has received a letter from the funding agency indicating funding is being withheld, please include a copy of the letter.)

_____
_____
_____
_____

8. If given financial assistance, explain what steps your agency will do in the future to ensure timely submission of audit reports or agreed-upon procedures reports required by the Audit Act.

_____
_____
_____
_____

Certification of Application: I understand that the information that I provide will be used only to determine my agency's eligibility for financial assistance. I further understand that the

information which I submit concerning my agency's finances is subject to verification by the Office of the State Auditor or other agencies of the State of New Mexico. I understand that if any information I have given is determined to be false, my agency's application may be disqualified and any financial assistance approval determination may be reversed.

I hereby certify that the information submitted on this application is true, accurate and complete to the best of my knowledge. Finally, I hereby attest that I have the authority to certify the information submitted in this application on behalf of the agency.

Agency Head/Designee:

_____	_____	_____
(Signature)	(Print Name)	(Title)

_____
(Date)

NEW MEXICO OFFICE OF THE STATE AUDITOR
FINANCIAL ASSISTANCE CHECKLIST

Please submit a copy of this checklist to the OSA along with your application and required documentation.

THE APPLICATION PROCESS

- ☐ A. Determine the correct type of reporting requirements and audit services needed by the agency by completing Appendix A.
- ☐ B. Complete the application form.
- ☐ C. Include all supporting documentation (e.g., annual financial reports, financial statements, etc.).
- ☐ D. Submit, by mail, the application form and supporting documentation to OSA by **August 31, 2016** *(forms must be postmarked by August 31, 2016).*
- ☐ E. Ensure that all forms requiring a signature are signed by the appropriate individuals within your agency.
- ☐ F. If the agency has determined that audit services are not required for a particular year (only a tier 1 or 2 self-certification form is required), please fill out Appendix B and submit it to the OSA.

Revised: 7/15/16

OFFICE OF THE STATE AUDITOR

TIERED SYSTEM OF FINANCIAL REPORTING FOR LOCAL PUBLIC BODIES[1]

FORM FOR DETERMINING TYPE OF REPORTING REQUIREMENTS AND INDEPENDENT PUBLIC ACCOUNTANT (IPA) SERVICES NEEDED

Pursuant to Sections 12-6-2(B) and Sections 12-6-3(B) NMSA 1978, local public bodies (mutual domestic water consumers associations, land grants, incorporated municipalities, and special districts) may be subject to different types of financial reporting requirements. This form should be used by all local public bodies to determine what type of professional services they are required to procure from an independent public accountant for fiscal years ending on or after June 30, 2010.

STEP ONE: Determine whether an incorporated municipality associated with a housing authority should include or exclude the housing authority when completing this form. Check the ONE box below that applies to your municipality. If your local public body is not a municipality, then proceed to STEP TWO below.

□ If the municipality has a housing authority that is a component unit, then the component unit housing authority must procure a separate audit pursuant to 2.2.2 NMAC because it is not a local public body under the tiered system. The municipality should check this box and proceed to Step Two of this form. The tiered system may apply to the municipality, excluding its component unit housing authority.

□ If the municipality has a housing authority that is a department, then the municipality should check this box and proceed to Step Two of this form. The tiered system may apply to the municipality, including its housing authority department.

STEP TWO: Determine expenditure of federal funds and application of the tiered system. Check the ONE box below that applies to your local public body:

□ If your local public body (including a component unit housing authority, if applicable) expended $750,000 or more in federal funds and is required by the grantor to obtain a single audit of the financial statements and federal funds in accordance with the Uniform Guidance for Federal Awards, then check this box and you are done with this form. The tiered system does not apply to your local public body. If you must obtain an audit of your financial statements.

□ If your local public body expended $750,000 or more in federal funds and elects to obtain a program-specific audit in accordance with the Uniform Guidance for Federal Awards, then check this box and proceed to Steps Three and Four of this form. The tiered system may apply to your local public body.

□ If your local public body (including a component unit housing authority, if applicable) did not expend $750,000 or more in federal funds, then check this box and proceed to Steps Three and Four of this form. The tiered system may apply to your local public body.

STEP THREE: Determine your local public body's revenue and capital outlay award expenditures (if any) for the fiscal year:

My local public body's **total revenues (on a cash basis, excluding capital outlay funds, federal or private grants)** were $_____ for the fiscal year to which this recommendation applies, which is _____(fiscal year end).

[1] Section 12-6-2(B) of the Audit Act (effective July 1, 2010) defines "local public body" as a mutual domestic water consumers association, a land grant, an incorporated municipality or a special district.

If applicable: My local public body's total capital outlay award was $_____ and my local public body's total expenditure(s) of that award was $_____for the fiscal year to which this recommendation applies, which is _____(fiscal year end). Note: Please do this calculation for each separate capital outlay award your local public body expended.

STEP FOUR: Based on your local public body's revenue calculation in Step Three, check the ONE box below that applies to your local public body:

□ **Tier 1 - Revenue is less than $10,000 and your local public body did not directly expend at least 50% of, or the remainder of, a single capital outlay award:** Your local public body falls under Tier 1. A local public body under Tier 1 is exempt from submitting a financial report to the State Auditor and is not required to procure the services of an IPA. However, the local public body shall certify to the Office and the Local Government Division (LGD) of the Department of Finance and Administration (DFA) that it meets the revenue threshold of Tier 1.

□ **Tier 2 - Revenue is $10,000 or more but less than $50,000:** Your local public body falls under Tier 2. A local public body under Tier 2 is exempt from submitting a financial report to the State Auditor and is not required to procure the services of an IPA. However, the local public body is required to comply with quarterly and final budget reporting requirements to LGD of DFA pursuant to Section 6-6-3 NMSA 1978. The local public body shall also certify to the Office and the LGD of DFA that it meets the revenue threshold of Tier 2.

□ **Tier 3 - Revenue is less than $50,000 and your local public body expended at least 50% of, or the remainder of a capital outlay award:** Your local public body falls under Tier 3. A local public body under Tier 3 is required to procure the services of an IPA for the performance of a Tier 3 agreed upon procedures engagement in accordance with the Tier 3 agreed upon procedures checklist on the State Auditor's website.

□ **Tier 4 - Revenue $50,000 or more but less than $250,000:** Your local public body falls under Tier 4. A local public body under Tier 4 is required to procure the services of an IPA for the performance of a Tier 4 agreed upon procedures engagement in accordance with the Tier 4 agreed upon procedures checklist on the State Auditor's website.

□ **Tier 5 - Revenue is $50,000 or more but less than $250,000 and your local public body expended any capital outlay funds:** Your local public body falls under Tier 5. A local public body under Tier 5 is required to procure the services of an IPA for the performance of a Tier 5 agreed upon procedures engagement in accordance with the Tier 5 agreed upon procedures checklist on the State Auditor's website.

□ **Tier 6 - Revenue is $250,000 or more but less than $500,000:** Your local public body falls under Tier 6. A local public body under Tier 6 is required to procure the services of an IPA for the performance of a Tier 6 agreed upon procedures engagement in accordance with the Tier 6 agreed upon procedures checklist on the State Auditor's website.

□ **Full Financial Audit - Revenue is $500,000 or more:** The tiered system does not apply to your local public body and you must procure the services of an IPA for the performance of a financial and compliance audit in accordance with generally accepted auditing standards and rules issued by the State Auditor.