

NEW MEXICO OFFICE OF THE STATE AUDITOR
 REPORT REVIEW GUIDE FOR AUDITS OF STATE AGENCIES
 SINGLE AUDITS FOR THE FISCAL YEARS ENDING JUNE 30, 2006-2009

This review guide should be used for state agencies that present Government-Wide Financial Statements and Fund Financial Statements (Governmental, Proprietary, and Fiduciary Fund Types), and expended \$500,000 or more of federal awards during the fiscal year. This review guide should be used for state agencies, departments, commissions, district attorneys, district courts, and other state agencies that present financial statements for governmental and business-type activities. (GASBS 34.135)

AGENCY NAME		AGENCY NUMBER/FISCAL YEAR	
NAME OF AUDITING FIRM		NAME OF AUDIT MANAGER	
DATE REPORT SUBMITTED TO STATE AUDITOR		Yes <input type="checkbox"/> No <input type="checkbox"/> Was the audit report submitted by the due date? If not, the compliance finding is reported on p. _____.	
OPINION(S) RENDERED ON FINANCIAL STATEMENTS		DATE OF OPINION	NUMBER OF FINDINGS
Was a member of the governing body (or head of a state agency) present at the exit conference as required by SAO Rule 2.2.2.10 J? If not, the compliance finding is reported on p. _____.		Yes <input type="checkbox"/> No <input type="checkbox"/>	

Objective:

The objectives of the review are to: (1) ensure that audit reports meet applicable governmental auditing, accounting and financial reporting standards, OMB Circular A-133 reporting requirements for single audits, and the New Mexico Administrative Code 2.2.2 - Requirements for Contracting and Conducting Audits of Agencies; and (2) identify any follow-up audit or reporting work needed.

Instructions:

The audit manager or the employee in charge of the audit firm's quality control system is required to complete this review guide. You are required to answer all of the questions in the review guide. Insert page number references for all yes answers. Submit comments to explain all no answers, unusual circumstances, or why a reporting standard was not complied with. The

report will not be accepted by the Office of the State Auditor if the review guide is incomplete, or if the report contains an excessive amount of errors and omissions. This review guide does not contain every auditing, accounting and financial reporting standard or requirement applicable to a financial audit. Due to the fact that this checklist is intended to be used for reviewing audits from different fiscal years, the checklist may include questions that do not apply to the specific fiscal year being reviewed. In which case, the auditor is responsible for knowing when various reporting standards became effective, in order to properly determine which questions apply and which do not apply to the specific audit report being reviewed. Agencies and auditing firms are required to ensure that all applicable auditing, accounting and financial reporting standards, laws and regulations are complied with during the preparation of the audit reports, financial statements, notes and schedules.

Authoritative References:

- AAG-SLA *AICPA Audit Guide: Government Auditing Standards and Circular A-133 Audits* (Updated as of August 1, 2008)
- AAG-SLV *AICPA Audit and Accounting Guide - State and Local Governments* (Updated as of March 1, 2008)
- SAS *AICPA Statement on Auditing Standards*
- AU *AICPA Codification of Statements on Auditing Standards*
- GAGAS *Government Auditing Standards July 2007 Revision (Yellow Book)*
- GASB Governmental Accounting Standards Board
- A-133 OMB (U.S. Office of Management and Budget) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations as amended*
- NMAC New Mexico Administrative Code
- SAO Rule 2.2.2 NMAC - *Requirements for Contracting and Conducting Audits of Agencies*

Documents Required by the Office of the State Auditor	
Did the auditor submit a copy of: (1) the signed management representation letter; (2) a list of “passed adjustments” or a memo stating there were none; (3) a completed report review guide; ; (4) the signed engagement letter (unless previously submitted pursuant to 2.2.2.8.L(2); and (5) a complete and accurate bound hard copy of the audit report? If not, the report will not be accepted or considered received by the State Auditor. (SAO Rule 2.2.2.9 A. (4) NMAC)	YES ___ Comments:
1 Do the titles and page numbers in the Table of Contents agree with the actual contents in the report? Are all of the pages in the report numbered as required by SAO Rule 2.2.2.9.C?	YES___ NO___ Comments: Page Ref:
2 Does the audit report include an official roster including all members of the governing body and top management? (SAO Rule 2.2.2.10.T.(5))	YES___ NO___ N/A___ Comments: Page Ref:
3 Independent Auditor’s Report:	
a. Does the report on the financial statements contain the required elements and follow the applicable report examples on the OSA website at www.saonm.org.? (AU 508.08, 551.06, A-133 .505(a); AAG-SLA 4.21)	YES___ NO___ Comments: Page Ref:
Introductory Paragraph:	

<p>(8) If the report presents comparative financial statements did the auditor include the prior year’s audit opinion in the current year Independent Auditors’ Report in instances where it was required by SAS AU 508.65 through 508.69?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(9) Does the paragraph referring to the separate report on internal controls and compliance have the following wording required by AAG-SLA 4.21 (i)?</p> <p>In accordance with <i>Government Auditing Standards</i>, we have also issued our report dated [date of report] on our consideration of the City of Example’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <i>Government Auditing Standards</i> and should be considered in assessing the results of our audit.</p>	<p>YES_____ NO_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(10) Section 2.2.2.10.A.(2)(e) requires that the IPA apply certain limited procedures to the MD&A (RSI) and report deficiencies in or the omission of required information in accordance with the requirements of SAS AU 558.06. If the report includes an MD&A, is there a description of the character of the auditor’s work and a disclaimer of an opinion? If the MD&A is missing or does not contain all of the required elements, did the auditor report the omission? (SAS AU 558.08)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(11) Does the last paragraph of the report include a SAS 29 or SAS 52 opinion on whether the accompanying supplementary information (only schedules, not the combining and individual fund financial statements or budgetary comparisons) is fairly stated, in all material respects, in relation to the financial statements taken as a whole, per AU 551.06d; AAG-SLA 12.12; and 12.13, and the last paragraph of Example A-1 of AAG-SLV 14.79?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(a) If the audit report includes audited combining and individual fund financial statements presented as supplemental information as required by SAO Rule 2.2.2.10.A.(2)(d), does the first sentence of the SAS 29 opinion paragraph say “Our audit was conducted for the purpose of forming opinions on the basic financial statements <u>and the combining and individual fund financial statements and budgetary comparisons</u>”?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(b) For a Single Audit (\$500,000 or more of federal money expended) is the Schedule of Expenditures of Federal Awards specifically mentioned? [OMB Circular A-133 .505 (a)]</p>	<p>YES_____ NO_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(c) If a Schedule of Changes in Assets and Liabilities for the Agency Funds is presented as required by SAO Rule 2.2.2.10.AA, is the required SAS 29 opinion on that schedule included in the Independent Auditor’s Report in the last paragraph? Is a SAS 29 opinion expressed on all of the schedules presented in the report, and are the schedules properly</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>

identified in the SAS 29 paragraph as noted in the table of contents?	Page Ref:
(12) Dating the Audit Report – The last day of field work is no longer the day the report should be dated. SAS 103 is effective for audits of FY07 and requires that the auditor’s report not to be dated earlier than the date on which he or she has obtained sufficient appropriate audit evidence to support the opinion. Among other things, sufficient appropriate audit evidence includes evidence that: (1) the audit documentation has been reviewed; (2) the entity’s financial statements, including disclosures, have been prepared; and (3) management has asserted that it has taken responsibility for them. (SAS 103 ¶ 23) Does the date of the audit report comply with this requirement? [AU 508.08]; AAG-SLA 4.21 (k)]	YES _____ NO _____ Comments: Page Ref:
4 Does the annual financial report include the following?	See below
a. Does the Management’s Discussion and Analysis (MD&A) precede the basic financial statements as required supplementary information? (GASBS 34.8)? Are the following items included in the MD&A (GASBS 34.11)?:	YES _____ NO _____ N/A _____ Comments: Page Ref:
(1) A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) The following condensed financial information derived from the government wide financial statements comparing the current year to the prior year, if relevant: a) Total assets, distinguishing between capital and other assets; b) Total liabilities, distinguishing between long-term liabilities and other liabilities; c) Total net assets, distinguishing among amounts invested in capital assets, net of related debt, restricted amounts, and unrestricted amounts; d) Program revenues by major source; e) General revenues by major source; f) Total revenues; g) Program expenses at a minimum by function; h) Total expenses; i) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers; j) Contributions; k) Special and extraordinary items; l) Transfers; m) Change in net assets; and m) ending net assets?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(3) An analysis of the overall financial position and results of operations (addressing both governmental and business-type activities) to assess whether the financial position has improved or deteriorated during the year, <u>including reasons (explanations) for significant changes from the prior year</u> and important economic factors (such as changes in the tax or employment bases) that significantly affected operating results?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) An analysis of significant variations between original and final budget amounts <u>and</u> between final budget amounts and actual budget results for the general fund (or its equivalent), including reasons for those variations that are expected to have a significant effect on future services or liquidity?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(5) A description of significant capital asset <u>and</u> long-term debt activity, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may effect the financial of planned facilities or services?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(6) A discussion of infrastructure assets (for governments that use the	YES _____ NO _____ N/A _____

modified approach) as required by GASBS 34.11g?	Comments: Page Ref:
(7) A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes)?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(8) Refer readers to separately issued financial statements for component units?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(9) Do the amounts in the MD&A agree with the financial statements and notes?	YES _____ NO _____ N/A _____ Comments: Page Ref:
b. Government-wide Financial Statements (GASBS 34.12-.63) It is permissible to preface the titles of these statements with "Government-Wide."	YES _____ NO _____ N/A _____ Comments: Page Ref:
(1) Do the Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities that include the following:	YES _____ NO _____ N/A _____ Comments: Page Ref:
(a) Information about the overall government without displaying individual funds or fund types? (GASBS 34.12a)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) Exclude information about fiduciary activities, including components that are fiduciary in nature? (GASB 34.12b)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(c) Distinguish between the primary government and its discretely presented component units? (GASBS 34.12c)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(d) Present a total column for the primary government? Contain separate rows and columns for each of the following: a) governmental activities; b) business-type activities; and c) discretely presented component units? A total column for the entity as a whole may be presented but it is not required. Prior-year data may be presented in the government-wide statements but is not required. (GASBS 34.14-15)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(e) Distinguish between governmental activities and business-type activities of the primary government? (GASBS 34.12d)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(f) Measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus and accrual basis of accounting? (GASBS 34.12e)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(g) Are bond issuance costs, bond premiums, and bond discounts amortized in the government-wide financial statements? (APB Opinion No. 21 and AAG-SLV 8.76)	YES _____ NO _____ N/A _____ Comments: Page Ref:
Statement of Net Assets	
(1) Are assets and liabilities presented in the order of their relative liquidity or in a classified format? Are liabilities, whose average maturities are greater than one year, reported in two components- the amount due within one year and the amount due in more than one year? (GASBS 34.31)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) Is the difference between assets and liabilities reported as net assets, and are net assets displayed in the following components: invested in capital assets, net of related debt (the words "net of related debt" should not be included when not applicable to the entity); restricted	YES _____ NO _____ N/A _____ Comments:

for (name the specific purpose or disclose the specific purpose in the notes), and unrestricted? (GASBS 34.32-37) Note that encumbrances, if applicable, are a reservation of fund balance in the fund financial statements but are not a restricted net asset per 1 st GASB 34 Implementation Guide, Q 95. [SAO Rule 2.2.2.12.A(4)(a)]	Page Ref:
(3) Are the amounts reported in the funds as interfund receivables and payables eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities? Are the amounts reported in the funds as receivable from or payable to fiduciary funds classified in the statement of net assets as receivable from and payable to external parties (consistent with the nature of fiduciary funds), rather than as internal balances? Are all internal balances eliminated in the total primary government column? (GASBS 34.58)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(4) If permanent endowments or permanent fund principal amounts are included in restricted net assets, are the expendable and nonexpendable components of restricted net assets presented? (GASBS 34.35)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(5) Is the Statement of Net Assets in balance (assets = liabilities and net assets)? If the traditional balance sheet format is used, do assets equal liabilities plus net assets? (GASBS 34 ¶ 30)	YES_____ NO_____ N/A_____ Comments: Page Ref:
Statement of Activities	
(6) Is a net (expense) revenue format used to report <u>each</u> of the government's functions? Are general revenues, contributions to term and permanent endowments, special and extraordinary items, and transfers reported separately after total net expenses of the government's functions? Does the Statement of Activities report Expenses, Program Revenues, Net Program [Expense] Revenues, General Revenues, Special Items, Transfers, Changes in Net Assets, Net Assets-Beginning, and Net Assets-Ending? (GASBS 34, Paragraph 38-62 and Example B-1 through B-3)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(7) Does the Statement of Activities separately report the following three categories of program revenues: Charges for services; Program-specific operating grants and contributions; and Program-specific capital grants and contributions? (GASBS 34.48 and 115f; GASBS 37.12)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(8) Are general revenues reported after total net expense of the government's functions, including all taxes reported by the specific type of tax such as sales, property, franchise and gas taxes? (GASBS 34.52)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(9) Was the specific type of appropriation reported in the financial statements? For example, appropriations should be reported in the Statement of Activities as Transfers – State General Fund appropriation, Special appropriation, Severance tax bond appropriation (capital project), General obligation bond appropriation (capital project), etc. (DFA-FCD Rule)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(10) Were all reversions to the State General Fund reported in the financial statements (or notes) by the fiscal year of appropriation? For example, reversions should be reported in the Statement of Activities as Transfers - reversion to the State General Fund - FY09. (SAO Rule 2.2.2.12 A (6) NMAC)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(11) Are governmental activities presented to coincide with the level of	YES_____ NO_____

<p>detail required in the governmental fund financial statements-at a minimum by function? Does the Statement of Activities report program expenses for each program or function? Most governmental agencies have more than one program or function as identified in the budgets or the descriptions of each individual fund. (GASBS 34.41-46; GASBS 37.10)</p>	<p>Comments:</p> <p>Page Ref:</p>
<p>(12) Is depreciation expense on assets specifically identified with a function included in its direct expenses, and is the depreciation expense on shared capital assets ratably included in the direct expenses of the appropriate functions? If an agency uses a separate line in the statement of activities to report unallocated depreciation expense or interest expense, is this clearly indicated on the face of the financial statement? (GASBS 34.44)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(13) Are the activities accounted for in enterprise funds presented by different identifiable activities? An identifiable activity has a specific revenue stream and related expenses that are accounted for separately. Different relates to the distinction between types of services or programs provided by activities. (GASBS 37.10)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(14) If there were any restatements, were the following line items included on the face of the financial statement: Beginning net assets, Restatement, Beginning net assets as restated, and Ending net assets?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(15) Do Total Net Assets reported on the Statement of Activities agree to total Net Assets reported on the Statement of Net Assets for the governmental activities and the business-type activities?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(16) Do the beginning-of-the period net assets (Government-wide, proprietary, Fiduciary fund statements) and/or fund balances in the governmental fund financial statements tie to the prior year audit end-of-the-period balances?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>c. Governmental Fund Financial Statements (GASBS 34.64 to 65, 78-90)</p>	<p>See below</p>
<p>(1) Does the Balance Sheet-Governmental Funds contain the following sections: Assets, Liabilities and Fund Balances? Are the reserved fund balances displayed in sufficient detail to disclose the purpose of the reservations (for example, reserved for debt service, inventories, etc.)? Are the unreserved fund balances of the nonmajor funds displayed by fund type on the face of the balance sheet as follows: Unreserved, reported in: name of fund type? (GASBS 34 ¶ 83-84 and related financial statement illustrations)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(2) A liability for compensated absences should not be reported in the governmental fund balance sheet unless it was actually due and payable at year end for payments due to retired or terminated employees, but not paid until shortly after year-end; was the liability presented accordingly? (Rule 2.2.2.10.L(3) and NCGAS 4 ¶ 5)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(3) For State Agencies, the budgetary basis of accounting changed to “modified accrual” in FY05 per Subsections N and O of Section 3, House Bill 2. Therefore, a “reservation of fund balance for encumbrances” should not be reported unless the agency had multiple year appropriations that had not lapsed by the end of the fiscal year. Does the fund balance section of the balance sheet reflect compliance with this change in the law?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(4) Is there an accompanying reconciliation of Total Fund Balance</p>	<p>YES_____ NO_____ N/A_____</p>

<p>from Balance Sheet - Governmental Funds to the Total Net Assets on the Statement of Net Assets, (Governmental Activities Column only)? Note that “accompanying” means immediately following per the 1st GASB 34 Implementation Guide Q 190. Were all of the reconciling amounts fully explained in the reconciliation or the notes to the financial statements? Do all of the reconciling amounts agree with the financial statements and notes? (GASBS 34 Paragraph 77)</p>	<p>Comments:</p> <p>Page Ref:</p>
<p>(5) Does the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds have the correct descriptions: (Revenues, Expenditures, Other Financing Sources (Uses), Net Change in Fund Balances, Beginning Fund Balance and Ending Fund Balance? Does the column presentation correspond to the columns in the Balance Sheet-Governmental Funds presentation? (GASBS 34 ¶ 86 to 89, example C-2, and GASBS 37 ¶ 16)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(a) Are the revenues presented by the following major revenue source classifications: <u>specific type</u> of each tax revenue; licenses & permits; intergovernmental revenues; charges for services; fees and fines, etc. (as applicable)? (GASB Cod. Sec 1800.115; NCGAS 1.110)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(b) Are expenditures classified by character (current, capital outlay, debt service and intergovernmental per NCGAS 1 ¶ 115), and at a minimum by function as required by GASBS 34 ¶ 87 and shown in GASBS 34 example C-2?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(c) Is any debt issuance cost, such as underwriter and legal fees, reported as a separate line item under debt service expenditures? (GASBS 34.87)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(d) Is the face amount of long-term debt (including capital leases), bond premium or discount, payments to bond escrow agents, transfers, and sale of capital assets reported in separate line items under “other financing sources”? (GASBS 34.88-89; GASBS 37.16)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(e) If there were any restatements, were the following line items included on the face of the financial statement: Beginning fund balance, Restatement; Beginning fund balance as restated, Ending fund balance?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(6) Is there a Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (net change in fund balances for total governmental funds) to the Statement of Activities (change in net assets for governmental activities) at the bottom of the fund financial statements or in an accompanying schedule immediately following the statement? Were all of the reconciling amounts fully explained in the reconciliation or the notes to the financial statements? Do all of the reconciling amounts agree with the financial statements and notes? (GASBS 34.77 and 90)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>d. Proprietary Fund Financial Statements (GASBS 34 Para 66-68, 91-105)</p>	<p>See below</p>
<p>(1) Is there a Statement of Net Assets - Proprietary Funds (or Balance Sheet - Proprietary Funds) that reflects the following descriptions: current and noncurrent assets; current and noncurrent liabilities; net assets invested in capital assets, net of related debt, net assets restricted for (indicate for what), net assets unrestricted, total net</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>

assets? (GASB 34.91a, 34.98 and illustration D-1)	Page Ref:
(2) Are assets with use restrictions reported as restricted assets? (GASBS 34.99)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(3) Is there a Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds that reflects the following descriptions: operating revenues; operating expenses; operating income (loss), nonoperating revenues (expense), total nonoperating revenues (expenses), income (loss) before contributions and transfers, capital contributions, transfers out, change in net assets, total net assets-beginning, and total net assets-ending? (GASB 34.91b, 34.100, and illustration D-3) <u>If there were any restatements</u> , were the following line items included on the face of the financial statement: Beginning net assets, Restatement, Beginning net assets as restated, and Ending net assets?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) Do the financial statements include a single column for all internal service funds to the right of the total enterprise funds column? (GASBS 34.96)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(5) Are revenues reported net of discounts and allowances with the discounts and allowances disclosed on the face of the financial statement or in a note to the financial statements? (GASBS 34, footnote 41)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(6) In proprietary funds, have all capital contributions and additions to permanent and term endowments been reported in the statement of revenues, expenses, and changes in fund net assets after nonoperating revenues and expenses? (GASBS 34 ¶ 103 and example D-3) Note that in a GASBS 34 proprietary fund statement of net assets (balance sheet) there will no longer be “contributed capital” or “retained earnings.” Those have been replaced by the three categories of “net assets.” Governments that wish to provide information about the extent to which a particular enterprise fund has received capital subsidies may do so in the notes to the financial statements. (GASBS 34 ¶ 430 and GASBS 34 examples D-1 and D-2)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(7) Restricted Net Assets: when permanent endowments or permanent fund principal amounts are included, were “restricted net assets” displayed in two additional components: expendable and nonexpendable? Nonexpendable net assets are those that are required to be retained in perpetuity. (GASBS 34.35)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(8) Net assets and changes in net assets in the proprietary fund financial statements for total enterprise funds usually equal the net assets and changes in net assets of business-type activities in the government-wide statement of activities. However, if there are differences they would be caused by the reclassification of internal service fund transactions that affected proprietary funds. Are any such differences explained on the face of the fund statements or in an accompanying schedule? (GASBS 34 Paragraphs 104).	YES _____ NO _____ N/A _____ Comments: Page Ref:
Statement of Cash Flows	See below
(9) Is the Direct Method used for the Proprietary Fund Statement of Cash Flows showing the applicable four categories of cash flows from: operating activities; noncapital financing activities; capital and related financing activities; and investing activities? Does the statement separately report the net effect of cash flows of each of these categories on cash and cash equivalents during the period in a	YES _____ NO _____ N/A _____ Comments:

manner that reconciles beginning and ending cash and cash equivalents? (GASBS 9.15, 30 and 35; GASBS 34.105)	Page Ref:
(10) Is a reconciliation of operating cash flows to operating income included? Does the reconciliation separately report all major classes of reconciling items including changes in receivables, inventory and payables? (GASBS 34.105 and illustration D-4; GASBS 9.30 and .35; GASB Cod. Sec 2450.129) An example of the direct method of cash flow is available at GASBS 9 ¶ 75.	YES _____ NO _____ N/A _____ Comments: Page Ref:
(11) Does the statement show the total amounts of cash and cash equivalents at the beginning and end of the period in a manner where they can be easily traced to the line items or subtotals in the balance sheet? (GASBS 9.8)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(12) Does the statement separately report the classes of operating cash receipts and payments per GASB Cod. Sec. 2450.128?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(13) Does the statement include information about all investing, capital and financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments in the period? (GASBS 9.37)	YES _____ NO _____ N/A _____ Comments: Page Ref:
e. Governmental & Proprietary fund financial statements - Focus on Major Funds (GASBS 34 ¶ 75-77)	See below
(1) Do the governmental and proprietary fund financial statements contain a column for each major fund, a column for the aggregate nonmajor funds, and a total column? (GASB 34.75)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) Is the main operating fund (general fund or its equivalent) reported as a major fund? Are other individual governmental and enterprise funds reported in separate columns as major funds based on the following criteria: (GASBS 34.76; GASBS 37 ¶ 15)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(a) Total assets, liabilities, revenues, expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities and so forth) for all funds of that category or type; and	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) The same element that met the 10 percent criterion above is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined; or	YES _____ NO _____ N/A _____ Comments: Page Ref:
(c) Other governmental or enterprise funds that the government's officials believe particularly important to financial statement users may be reported as major funds?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(d) Are the nonmajor funds aggregated and displayed in a single column?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(e) Are the combining and individual fund statements for the nonmajor funds presented as supplemental information after the notes?(SAO Rule 2.2.2.10A.(2)(d)(ii) and GASBS 34 financial statements examples H-1 and H-2)	YES _____ NO _____ N/A _____ Comments: Page Ref:
f. Budgetary Comparison Statements – Are budgetary comparison statements for <u>only the general fund and major special revenue funds presented before the notes</u> as part of the basic financial statements? Do they appear after the statement of changes in revenues, expenditures, and changes in fund balances – governmental funds? (SAO Rule 2.2.2.10 O (3) (a) and Q 248)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(1) For each fund that is not already presented before the notes as part of the basic financial statements, are individual fund budgetary comparison statements included in the report as audited SI after the notes? [SAO Rule 2.2.2.10.A(2)(d)(iii) and 2.2.2.10 O(3)(c)]	YES _____ NO _____ N/A _____ Comments:

	Page Ref:
(2) Do all the budgetary comparison statements present the original budget, the final budget, actual expenditures or expenses on the budgetary basis, and a variance column? [GASBS 34.130 and SAO Rule 2.2.2.10 O (3)]	YES_____ NO_____ N/A_____ Comments: Page Ref:
(3) Does the Budget column include the required fund balance (if prepared on accrual or modified basis) or prior year cash balance if prepared on a cash basis (or fund balance on the cash basis) necessary to balance the budget? [SAO Rule 2.2.2.10.O (1)]	YES_____ NO_____ N/A_____ Comments: Page Ref:
(4) If actual expenditures exceeded budgeted expenditures at the legal level of compliance, is that fact reported in a finding and disclosed in the notes? If budgeted expenditures exceeded budgeted revenues, was a finding reported if the budgeted prior year fund balance did not exist at the beginning of the fiscal year to cover the budgeted deficit? [GASBS 34.131; GASBS 37.19; SAO Rule 2.2.2.10.P (1)]	YES_____ NO_____ N/A_____ Comments: Page Ref:
(5) Are the differences between the budgetary basis and GAAP basis revenues and expenditures for each individual fund reconciled on the face of the budgetary comparison or the notes to the financial statements? [GASBS 34.131; SAO Rule 2.2.2.10 O (2)]	YES_____ NO_____ N/A_____ Comments: Page Ref:
(6) For state agencies, if DFA approved a request to pay prior year bills (accounts payable) out of the subsequent year budget, was a reconciling item explained and disclosed in the budgetary comparison or the notes? [SAO Rule 2.2.2.12.A (3) and (11)]	
(7) Did the agency receive or administer any special capital outlay appropriations from the State Legislature? If so, are the budgetary comparisons for the capital project activity presented in accordance with DFA's instructions ("Budgetary Presentation for Multi-Year Appropriations") that are posted on their Financial Control Division's (FCD) website at http://fcdsu.dfa.state.nm.us/Forums? Special Note : SAO Rule 2.2.2.10 O (3) (c) NMAC (2008 and earlier) has been rescinded and replaced with DFA's instructions.	YES_____ NO_____ N/A_____ Comments: Page Ref:
g. Fiduciary Fund and Similar Component Unit Financial Statements Are all fiduciary funds of the primary government, as well as component units that are fiduciary in nature included in the fiduciary fund financial statements? Do the statements provide a <u>separate column for each applicable fund type</u> (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trusts, (4) agency funds? (GASBS 34 Paragraphs 69-73 and 106-111)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(1) Statement of Fiduciary Net Assets – Do the Agency Fund assets equal the liabilities presented in the Statement of Fiduciary Net Assets? If there are <u>only agency funds</u> , the title should be the Statement of Fiduciary Assets and Liabilities-Agency Funds. (GASBS 34 Paragraph 110 and example E-1)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(2) Does the Statement of Changes in Fiduciary Net Assets shown in the basic financial statements include information about the additions to, deductions from, and net increase (or decrease) for the year in net assets for each applicable fiduciary fund type except for agency funds? The Statement of Changes in Fiduciary Net Assets should be presented after the Statement of Fiduciary Net Assets just before the notes, for all fiduciary fund types, except for agency funds. (GASB 34 Paragraph 109 and example E-2)	YES_____ NO_____ N/A_____ Comments: Page Ref:
(3) Agency funds are excluded from the Statement of Changes in Fiduciary Net Assets since they have no "net assets." It is a	YES_____ NO_____ N/A_____ Comments:

<p>requirement of the State Auditor that a Schedule of Changes in Assets and Liabilities for each agency fund be included as other supplemental information (SI) for all agencies that have agency funds. If applicable, was this schedule presented? [GASBS 34.110 and SAO Rule 2.2.2.10 AA (1)]</p>	<p>Page Ref:</p>
<p>(4) If the agency fund has been used as a clearing account to distribute financial resources to other funds of the primary government as well as other entities (such as property tax receivables in audits of Counties, or tax distributions to funds of the Taxation and Revenue Department), have the portions of the clearing account balances that pertain to the primary government been reclassified and reported as assets of the primary government's funds rather than as assets of the agency funds? (GASB 34 ¶ 111 and Q 225 1st GASB 34 Implementation Guide)</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>h. Notes to the Financial Statements</p>	<p>See below</p>
<p>(1) Do the notes include a Summary of Significant Accounting Policies including the following:</p>	<p>See below</p>
<p>(2) Is there a description of the government-wide financial statements, noting that neither fiduciary funds nor component units that are fiduciary in nature are included? (GASBS 34.115a)</p>	<p>YES _____ NO _____ N/A _____ Comments:</p>
<p>(3) If the agency has component unit(s), does the summary of significant accounting policies provide: a brief description of the component units (those blended and discretely presented) and their relationships to the primary government; a discussion of the criteria for including component units in the financial reporting entity and how the component units are reported; and information about how the separate financial statements for the component units may be obtained? [GASB Cod. Sec. 2300.106(a)(2)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>a. If an agency has a legally separate tax-exempt organization that meets the following criteria, was it included as a component unit as required by GASBS 39 ¶ 5?</p> <ul style="list-style-type: none"> i. The resources of the tax-exempt organization are entirely or almost entirely for the direct benefit of the agency. ii. The agency is entitled to the majority of the tax exempt organization's resources or has the ability to otherwise access them. iii. The resources of the tax exempt organization are significant to agency. 	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(4) For governments that present their primary government in more than a single column (at the fund financial statements level) in the basic financial statements, are the activities accounted for in each of the following columns – major funds, internal service fund, and fiduciary fund types – described in the notes to the financial statements? With the exception of the general fund or its equivalent, the description should be specific to the particular government rather than general descriptions that could describe any government, as required by GASBS 38 ¶ 6. The fund activity description should also explain what kind of fund type (general, special revenue, capital projects, debt service, enterprise, internal service, agency, private purpose trust fund, etc.) each fund is. Does the summary of significant accounting policies disclose this information?</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>

<p>(5) Do the notes disclose the economic resources measurement focus and the accrual basis of accounting used in the government-wide, proprietary and fiduciary fund type financial statements? (GASB Cod. Sec. 2300.106 (1)(4))</p> <p>Do the notes disclose the current financial resources measurement focus and the modified accrual basis of accounting used in the governmental fund financial statements? [GASBS 34 Paragraph 115 (b)]</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p> <p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(6) GASBS 33 revenue recognition for non-exchange transactions (GASBS 33 ¶ 16 through 28 (full accrual) and ¶ 29 and 30 (modified accrual) and Table 6-1 from AAG-SLV 6.17):</p>	
<p>(a) If property taxes are included in revenues, do the government-wide full accrual basis property tax receivables recognize revenues net of estimated refunds and uncollectible amounts, in the period for which the taxes are levied, even if they are not available? Is this revenue recognition policy disclosed in the notes to the financial statements? (GASBS 33 ¶ 18)</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(b) If derived tax revenues (such as sales taxes, gas taxes, motor vehicle taxes, etc.) are included in revenues, was the revenue recognized when the underlying transaction took place? Is the revenue recognition policy disclosed in the notes? (GASBS 33 ¶ 18 and ¶ 103)</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(c) If grant revenue is included in the agency revenues, was the grant revenue recognized when the eligibility requirements were met? Note that unless the grant is a “reimbursement basis” grant, it does not have to be expended before the revenue is recognized. (GASB 33 ¶ 20, ¶ 98, and ¶ 103)</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(d) If the nonexchange transactions including grants, taxes, and contributions are not recognized because they are not measurable (reasonably estimable) is this disclosed in the notes to the financial statements? [GASB Cod. Sec. 2300.107(k)]</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(e) Do the fund financial statements exclude the portion of these nonexchange transaction revenues that are not available? (GASB 33 ¶ 29 and 30)</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(f) For nonexchange transactions, is the accounts receivable amount on the government-wide statement equal to the accounts receivable amount on the fund financial statement? The answer should be “yes” (at least for the current period) because amounts that are “unavailable” are debited out of revenue and credited to deferred revenue in the fund financial statements only. The account receivable amount remains the same during the conversion from accrual to modified accrual basis. (GASBS 33 ¶ 103)</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(g) If the agency received a portion of another government’s derived tax revenues or imposed non-exchange revenues did they follow the accounting guidance for government-mandated and voluntary nonexchange transactions per GASBS 36 ¶ 13? This follows the symmetrical recognition concept of Statement 33. Except for payments in advance of meeting eligibility requirements, the recipient and provider would record assets and liabilities, respectively, at the same time that they record revenues and expenses/expenditures.</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(7) Is there a disclosure in the summary of significant accounting policies about the length of time used to define “available” under</p>	<p>YES____ NO____ N/A____ Comments:</p>

the modified accrual basis of accounting, for purposes of revenue recognition in the governmental fund financial statements? (GASBS 38 ¶ 7)	Page Ref:
(8) Do the notes disclose the policy for eliminating internal activity in the government-wide statement of activities? (GASB Cod. Sec. 2200.128)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(9) Do the notes disclose the standard definitions for the components of net assets (invested in capital assets, restricted, unrestricted) and fund balance (reservations and designations)? If the purpose of the restrictions, reservations, and designations are not reported on the face of the financial statement, are the purposes disclosed in the notes? (GASBS 34.33-37; GASB Cod. Sec. 1800.142-.146)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(10) Did the agency use the GASBS 46 definition of “legally enforceable” in determining the net assets that are shown as “restricted” and report them in accordance with the Statement’s requirements? “Legally enforceable” means that “a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment.” (GASBS 46 ¶3) “If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net assets should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation.” (GASBS 46 ¶ 5) Do the notes disclose the net assets that are restricted by enabling legislation as required by GASBS 46.6 and illustration 1? (SAO Rule 2.2.2.12 A. (4) NMAC)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(11) Does the summary of significant accounting policies regarding capital assets include the following?	YES _____ NO _____ N/A _____ Comments:
(a) Does the capital asset policy disclosure in the summary of significant accounting policies state that the capitalization threshold is \$5,000 per Section 12-6-10 NMSA 1978? Note that the items on the capital asset listing that were capitalized under lower thresholds should not be deleted from the capital asset listing. (SAO Rule 2.2.2.10.Y(1))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) A disclosure about the policy for estimated useful lives used to calculate depreciation expense/amortization with respect to major classes of depreciable assets? (GASBS 34 ¶ 115 (e))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(c) If the agency is a Phase I or Phase II government for purposes of implementing GASBS 34, is it clear from the disclosure that the agency has retroactively reported all major general infrastructure assets in the audit report as required by GASBS 34 paragraphs 143 and 148? (SAO Rule 2.2.2.10.AA(2))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(d) If the agency chose to use the modified approach for reporting eligible infrastructure assets, did the agency describe that approach in the notes? (GASB 34 ¶ 115 (e))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(12) Is there a description of the specific types (not just the standard definition) of transactions included in program revenues and the policy for allocating indirect expenses to functions in the statement of activities? [GASB 34 ¶ 115 (f)] According to GASB 34 ¶ 48, program revenues derive directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as	YES _____ NO _____ N/A _____ Comments:

a whole; they reduce the net cost of the function to be financed from the government's general revenues.	Page Ref:
(13) For proprietary funds, does the summary of significant accounting policies disclose the government's policy for defining operating and nonoperating revenues? [GASBS 34 ¶ 115 (g)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(14) Is the policy disclosed for applying FASB pronouncements issued after November 30, 1989, to government-wide financial statements (business-type activities) and to proprietary funds in the fund financial statements? This disclosure is <u>required in all reports</u> since the government-wide financial statements are presented on the accrual basis of accounting. [GASBS 34.115 (d)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(15) Budgetary Information: do the notes disclose the legal level of budgetary control <u>and</u> the basis of accounting used to present the budgetary comparisons? For state agencies, the legal level of budgetary control is at the appropriation unit level. [SAO Rule 2.2.2.12 A (11)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(16) For state agencies, is the basis of accounting used to prepare the budgetary comparisons disclosed in the notes exactly as described in SAO Rule 2.2.2.12 A. (11) NMAC?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(17) Budgetary Information: if a budgetary comparison is not presented for an individual fund, do the notes explain the reason for not presenting the budgetary comparison? (GASB Cod. Sec. 2300.108)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(18) Is the definition of cash and cash equivalents used in the statement of cash flows for proprietary funds disclosed? (GASB Cod. 2300.106 (a) (11))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(19) Does the summary of significant accounting policies disclose the government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available? (GASBS 34.115h)	YES _____ NO _____ N/A _____ Comments: Page Ref:
Cash and Investments Note Disclosures	
(20) Do the notes disclose a brief description of the types of deposits and investments authorized by legal or contractual provisions? Are significant violations of legal or contractual provisions for deposits and investments that occurred during the period disclosed in the notes? (GASBS 3 ¶ 65-66)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(21) If the entity has Investments in the State General Fund Investment Pool at the State Treasurer's Office (STO), are the investments classified as such on the Statement of Net Assets and/or the Balance Sheet? Also, do the notes to the financial statements disclose the "Investment in the State General Fund Investment Pool" including the following: SHARE fund number, account name, account balance, interest rate risk, credit risk, the involuntary participation in the pool, and a reference to the separate audit report of the STO. For investments at the State Investment Council, similar information should be disclosed in the notes. Use the standard note disclosure on DFA-FCD's website. [GASBS 40.7, 9, 15; GASBS 31.15; SAO Rule 2.2.2.10 N (4) (f)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(22) If the agency's deposits and investments are exposed to one or more of the following risks, (1) credit risk, (2) custodial credit risk, (3) concentration of credit risk, (4) interest rate risk, (5) or foreign currency risk, has the agency disclosed its investment policy(ies) related to the risks to which it is exposed? If the agency is exposed to one of the above risks but has not formally adopted deposit or investment policies to address that risk, is that fact disclosed in the	YES _____ NO _____ N/A _____ Comments: Page Ref:

notes? (GASBS 40 ¶ 6)	
(23) Cash deposits with financial institutions – Do the notes disclose the custodial credit risk of any <u>deposit</u> that was not covered by depository insurance and was: uncollateralized; or collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the government’s name? Does the note disclose the definition of custodial credit risk? Be sure to review the FDIC website at http://www.tdbanknorth.com/bank/fdic_insurance.html for the latest information on FDIC coverage changes including coverage of non-interest bearing accounts.) (GASBS 40 ¶ 8; use illustration 6; GASB Cod. Sec. C20)	YES____ NO____ N/A____ Comments: Page Ref:
(24) Does the audit report include a supplementary schedule that discloses the collateral pledged by each bank and savings and loan that is a depository for public funds? The schedule should disclose the type of security (i.e. bond, note, Treasury bill, etc.), security number, CUSIP number, fair market value, and maturity date. The schedule should also disclose the name of the custodian and the place of safekeeping for all collateral. [SAO Rule 2.2.2.10 N (4)(b)]	YES____ NO____ N/A____ Comments: Page Ref:
(25) Does the audit report include a list of individual deposit and investment accounts held by the government, with the name of depository, account name, type of deposit (checking, savings, CD) or investment (specific types of U.S. Treasuries, U.S. agencies, commercial paper, corporate bonds, etc.) account, the account balance as of the balance sheet date, and the reconciled balance of the deposit and investment accounts as of the balance sheet date, as reported in the financial statements? (SAO Rule 2.2.2.10 N (3); Section 12-6-5 NMSA 1978)	YES____ NO____ N/A____ Comments: Page Ref:
(26) Investments -	See below
(a) Securities Custodial Credit Risk - If the agency has investment securities (including securities under repurchase agreements) at the end of the period that are exposed to custodial credit risk (securities that are uninsured and not registered in the name of the government), do the notes disclose the investment type and reported balances that are held by the following parties: i) the counterparty; 2) the counterparty’s trust department or agent but not in the government’s name? (GASBS 40.9)	YES____ NO____ N/A____ Comments: Page Ref:
(b) Credit Quality Risk - Did the agency disclose the credit quality ratings of investments as described by nationally recognized statistical rating organizations as of the date of the financial statements? Generally obligations of the U.S. Government or obligations <u>explicitly</u> guaranteed by the U.S. Government are not considered to have credit risk and do not require this disclosure. This disclosure is required for investments such as Federal National Mortgage Association (FNMA) mortgage backed securities or Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities, securities of the Federal Home Loan Bank, Federal Financing Bank, Federal Farm Credit Bank, external investment pools, money market funds, bond mutual funds, or other pooled investments of fixed-income securities, <u>but not for</u> Government National Mortgage Association (GNMA) mortgage backed securities that are guaranteed by the United States government. If the credit quality disclosure is required but unrated, did the disclosure	YES____ NO____ N/A____ Comments:

indicate that fact? (GASBS 40 ¶ 7)	Page Ref: YES____ NO____ N/A____ Comments:
(c) Concentration of Credit Risk – Investments: If the government had investments in any one issuer that totaled 5 percent or more of total investments in the agency or in any fund of the agency (GASBS 40 ¶ 5), did the government disclose that concentration? Investments issued or <u>explicitly</u> guaranteed by the U. S. government, and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. This disclosure is required for investments such as Federal National Mortgage Association (FNMA) mortgage backed securities or Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities, securities of the Federal Land Bank and the Federal Farm Credit Bank, <u>but not for</u> Government National Mortgage Association (GNMA) mortgage backed securities that are guaranteed by the United States government. (GASBS 40 ¶ 12)	Page Ref: YES____ NO____ N/A____ Comments:
(d) Interest Rate Risk – If the government had interest rate risk related to debt investments is the disclosure organized by investment type, using one of the following five methods: segmented time distribution; specific identification; weighted average maturity; duration; or the simulation model? Per GASB 40 ¶ 15, debt investments in mutual funds, external investment pools, or other pooled investments that do not meet the definition of a 2a7-like pool should disclose interest rate risk information according to one of these methods.	Page Ref: YES____ NO____ N/A____ Comments:
(e) Foreign Currency Risk – If the government has deposits or investments exposed to foreign currency risk, did the government disclose the U.S. Dollar balances of such deposits or investments, organized by currency denomination and investment type? (GASB 40 ¶ 17)	Page Ref: YES____ NO____ N/A____ Comments:
(f) If the agency has investments in the State Treasurer’s Local Government Investment Pool, is the interest rate risk (WAM in number of days) and the current credit rating disclosed? See www.stonm.org for the necessary information. (GASBS 40 ¶ 7)	Page Ref: YES____ NO____ N/A____ Comments:
(g) Are investment disclosures organized by investment type, such as U.S. Treasury notes, bills, strips, specific types of GSE’s, corporate bonds, commercial paper, etc.? [GASBS 40.4 and SAO Rule 2.2.2.10.N.(3)(c)]	Page Ref: YES____ NO____ N/A____ Comments:
(h) If risk exposures are significantly greater at the governmental and business-type activities level, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types level than risk exposure at the entire primary government level, are the disclosures made at the more detailed level? (GASBS 40 ¶ 5)	Page Ref: YES____ NO____ N/A____ Comments:
(i) If the agency made any reverse repurchase agreements, do the notes disclose the information required by GASBS 3.76-81 and GASBI No. 3.6?	Page Ref: YES____ NO____ N/A____ Comments:
(27) In the note disclosure regarding significant violations of finance-related legal or contractual provisions (including budget violations), did the government identify actions taken to address such violations? (GASBS 38 ¶ 9)	Page Ref: YES____ NO____ N/A____ Comments:
(28) Does either the Statement of Net Assets (or Balance Sheet) or the notes to the financial statements disclose what makes up aggregated	Page Ref: YES____ NO____ N/A____ Comments:

components of receivables, such as balances due from taxpayers (including the specific type of tax receivable such as property taxes, gross receipts taxes, gas taxes, franchise taxes, etc.), other governments, vendors, customers, beneficiaries, and employees? (GASB 38 ¶ 13) Does the note disclose that the receivables are fully collectible? If not, does the note disclose the amount of the allowance for uncollectible accounts? (APB 12.3) If the agency has significant receivable balances that are not expected to be collected within one year of the date of the financial statements, are they disclosed in the notes? (GASB Cod. Sec. 2300.119)	Page Ref:
(29) Does either the Statement of Net Assets (or Balance Sheet) or a note to the financial statements disclose the specific types of liabilities included in accounts such as “accrued expenses” and “accrued liabilities”? (GASB 38 ¶ 13)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(30) For inventories, is the method for stating inventories disclosed, including the method of determining cost? (ARB No. 43 and APB 22.13)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(31) Interfund Receivables and Payables	See below
(a) Do the notes disclose the following about interfund balances reported in the fund financial statements: (GASBS 38 ¶ 14; see illustration 16 or 17)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(i) Amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, internal service funds in the aggregate and fiduciary fund type;	YES _____ NO _____ N/A _____ Comments: Page Ref:
(ii) The purpose for the interfund balances; and	YES _____ NO _____ N/A _____ Comments: Page Ref:
(iii) Interfund balances that are not expected to be repaid within one year from the date of the financial statements?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(iv) For state agencies only, the amounts due to and from other state agencies should be disclosed in the notes. The name of the state agency, the purpose of the due to/from, and the SHARE fund numbers for each state agency should be disclosed in the notes. See the required disclosures per SAO Rule 2.2.2.12 A (13).	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) In the fund financial statements, if one fund has overdrawn its share of an internal investment pool, does that fund report an interfund liability to the fund that loaned the amount to the overdrawn fund? Does the fund deemed to have loaned the amount report an interfund receivable from the borrowing fund? In the government-wide financial statements are such interfund accounts eliminated as required for interfund balances by GASB Statement No. 34 ¶ 58? Cash overdrafts should not be reported as a liability on the financial statements unless there were negative bank balances at fiscal year-end. (AAG-SLV 5.27)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(32) Do the notes disclose the following about transfers reported in the fund financial statements: (GASBS 38 ¶ 15; see illustration 16 or 17)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(a) Amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate and fiduciary fund type;	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) A general description of the principal purposes of the	YES _____ NO _____ N/A _____

government's interfund transfers;	Comments: Page Ref:
(c) The intended purpose and the amount of significant transfers that meet <u>either or both</u> of the following criteria: do not occur on a routine basis; and/or are inconsistent with the activities of the fund making the transfer?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(d) For State Agencies only, are inter-agency transfers (between an agency's internal funds and other funds of the State) segregated from intra-agency transfers (between funds within the agency) and fully explained in the notes providing the agency name, number, SHARE fund numbers to which <u>and</u> from which the funds were transferred, and the purpose of the transfers? See the required disclosures per SAO Rule 2.2.2.12 A (7a-e).	YES _____ NO _____ N/A _____ Comments: Page Ref:
(33) Is the detail in the notes about capital assets divided into major classes of capital assets and between governmental activities and business-type activities, and does it include:	YES _____ NO _____ N/A _____ Comments: Page Ref:
(a) Beginning and end-of-year balances with accumulated depreciation presented separately from historical cost for each major class of asset; capital acquisitions (additions), and sales or other dispositions (deletions)?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(b) Current-period depreciation expense, with disclosure of the amounts charged to each of the functions in the statement of activities?	YES _____ NO _____ N/A _____ Comments: Page Ref:
(c) Is the above required information disclosed separately by governmental activities and business-type activities? (GASBS 34.116-117)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(d) Are capital assets that are not being depreciated (such as land, intangible assets with indefinite useful lives, and infrastructure under the modified approach) disclosed separately from capital assets that are being depreciated? (GASBS 34 ¶ 116-117)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(e) If the agency had impaired capital assets that were idle at year-end, is there disclosure of the carrying amount and classification of insurance recoveries if not otherwise apparent? (GASBS 42 ¶ 20 and ¶ 21)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(f) If the agency uses the infrastructure-modified approach, does the report present the three most recent condition assessments indicating the dates of the assessments; and present the estimated annual amount to maintain and preserve versus actual amount expensed for each of the last five years. (GASBS 34.132)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(g) If applying the transition provisions for retroactive reporting of infrastructure assets, are the following disclosures provided: a description of the infrastructure assets being reported on and those that are not; and a description of any eligible infrastructure assets that the government has decided to report using the modified approach? Under the transition provisions, certain governments have delayed <u>or have no requirement to retroactively report major general infrastructure assets.</u> (GASBS 34.148-151)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(h) Do the notes disclose the descriptions of collections of works of art and historical treasures that are not being capitalized and the reasons for not capitalizing them? (GASBS 34.118)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(34) Long Term Liabilities	
(a) Are note disclosures for long term liabilities divided between governmental activities and business-type activities? (GASBS	YES _____ NO _____ N/A _____ Comments:

34 ¶ 116)	Page Ref:
(b) Does detail in the notes about long-term liabilities reported in the statement of net assets include both long-term debt (such as bonds, notes, loans, and <u>leases payable</u>) and other long-term liabilities (such as compensated absences, claims and judgments, and landfill closure liabilities)?	YES____ NO____ N/A____ Comments: Page Ref:
(c) Does the disclosure include:	See below
(i) Disclosure of interest rates, maturity dates, subordinate features, pledged assets, and restrictive covenants disclosed? (SFAS 5.18 and 19)	YES____ NO____ N/A____ Comments: Page Ref:
(ii) Beginning and end-of-year balances, increases <u>and</u> decreases (<u>separate amounts presented</u>), and the portions of each item that are due within one year of the statement date?	YES____ NO____ N/A____ Comments: Page Ref:
(iii) Which governmental funds typically have been used to liquidate other long-term liabilities (such as compensated absences and pension liabilities) in prior years? If more than one governmental fund, does the note disclose the approximate percentage charged to each fund? (GASBS 34.119)	YES____ NO____ N/A____ Comments: Page Ref:
(iv) Debt service requirements to maturity (principal and interest requirements presented separately) for each of the five subsequent fiscal years <u>and in five-year increments thereafter</u> ? The terms by which interest rates change for variable-rate debt; interest requirements for variable-rate debt should be determined using the rate in effect at the financial statement date. The debt service requirement disclosure should include capital and noncancelable operating leases. (GASBS 38 ¶ 10 and 11)	YES____ NO____ N/A____ Comments: Page Ref:
(v) Are current portions of debt obligations presented as current liabilities (due within one year)? (APB 43 and SFAS 78.5)	YES____ NO____ N/A____ Comments: Page Ref:
(35) Is the following disclosed in the notes about short-term debt activity during the year even if no short-term debt is outstanding at year end: a) A schedule of changes in short-term debt disclosing beginning and end-of-year balances, increases, and decreases [GASBS 38 ¶ 18 and SAO Rule 2.2.2.10.L.(5)]; and b) the purpose(s) for which the short-term debt was issued (GASB 38 ¶ 12)?	YES____ NO____ N/A____ Comments: Page Ref:
(36) Were the reasons for any restatements (prior period adjustments) of prior year ending net assets and/or fund balances, caused by a reclassification or the correction of an error in the financial statements of a prior period, fully explained in the notes? If the restatement is material, were the prior year financial statements corrected and reissued? Explain your response to the “reissued report” question in the comments section. (APB 20 ¶ 36 and APB No. 9)	YES____ NO____ N/A____ Comments: Page Ref:
(37) Reverting and Nonreverting Funds	See below
a. If non-reverting appropriations are commingled with reverting appropriations, <u>do the notes disclose</u> the methods and amounts used to calculate reversions. (SAO Rule 2.2.2.10.C)	YES____ NO____ N/A____ Comments: Page Ref:
b. In the description of each individual fund, do the notes disclose the reverting or non-reverting status of each fund? If the fund does not revert, do the notes to the financial	YES____ NO____ N/A____ Comments:

statements disclose <u>the specific legislation</u> that makes a fund or appropriation non-reverting? (SAO Rule 2.2.2.10.C)	Page Ref:
c. If applicable, does the report include an audit finding for failure to transfer reverting funds (unencumbered and unreserved fund balances) to the State General Fund in a timely manner (by September 30 th)? If the amount due to the State General Fund is larger than the current year's reversion amount, the difference could be caused by late reversions. [SAO Rule 2.2.2.12 A(6)(b)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(38) Is the authority (i.e., cite the specific statute, federal regulation, executive order, ordinance, etc.) for creation of each special revenue fund disclosed in the notes or in the divider page that describes the purpose of each fund? (SAO Rule 2.2.2.10 M NMAC)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(39) State Agencies only - Any outstanding encumbrances that represent goods and services received by June 30, 2009, but paid in FY10 must be reclassified as accounts payable. Any remaining outstanding encumbrances lapse because the appropriation lapses at year end. The encumbrances related to lapsed appropriations revert to the State General Fund if the fund is reverting. If an appropriation was for <u>multiple years</u> , and has not lapsed (see the law), and related funds are encumbered, then there would be a corresponding reservation of fund balance for encumbrances in the financial statements. Is this change in the state law correctly reflected in the financial statements? [SAO Rule 2.2.2.12 A (3)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(40) State Agencies only – Did the agency receive or administer any special capital outlay appropriations from the State Legislature? If not, check N/A and proceed to question (43). If so, the following questions should be answered:	YES _____ NO _____ N/A _____ Comments: Page Ref:
(a) Regarding the transactions accounted for by state agencies that manage the capital project activity and request draw downs (capital project disbursements) from the Board of Finance Division, did the financial statements of the state agency recognize the transactions (revenues, expenditures, and related assets and liabilities) in accordance with GASBS 33 as detailed in DFA's instructions ("Accounting and Financial Statement Presentation of Appropriated Bond Proceeds") that are posted on their Financial Control Division's (FCD) website at http://fcdsu.dfa.state.nm.us/Forums? The revenues (other financing sources – transfers in) and receivables should be recognized when all of the eligibility requirements established by the Board of Finance (2.61.6 NMAC) have been met (<u>when DFA-BOF approves the draw down request</u>). In the Statement of Activities, the bond proceeds for the capital project should be reported as <u>Transfers In - general obligation bond appropriation or severance tax bond appropriation.</u> In the Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Fund, the bonds proceeds should be reported under <u>Other Financing Sources as Transfers In - general obligation bond proceeds or severance tax bond proceeds.</u> The expense should be reported at the program level in the Statement of Activities, and the expenditure should be reported at the appropriation unit level in the fund financial statements. Refer to DFA's instructions to review the applicable journal entries.	YES _____ NO _____ N/A _____ Comments:

<p>(b) If the prior year financial statements reported any reserved fund balances for capital projects, was the beginning fund balance restated and explained in the notes to the financial statements as necessary? Refer to DFA's instructions for the journal entries and standard note disclosure for the restatement.</p> <p><u>Special Note:</u> SAO Rule 2.2.2.12.A.12(b) has been rescinded and replaced with DFA's instructions.</p>	<p>Page Ref:</p>
<p>(c) Regarding the transactions accounted for by DFA's Board of Finance Division (bond proceeds and capital project disbursements), did the financial statements of DFA-BOF account for the transactions in accordance with DFA-FCD's instructions? Refer to DFA's instructions for the required journal entries.</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(d) Regarding the transactions accounted for by the State Treasurer's Office (bond liabilities and debt service payments), do STO's financial statements report the long-term debt activity as other supplementary information including the required note disclosures?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(41) If the agency participates in a retirement plan (such as PERA, ERA, or other plans), are the required disclosures included in the notes? For the PERA and ERA plans, were the standard note disclosures in the SAO website used? (GASBS 50.7)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(42) If the agency participates in a pension plan or postemployment healthcare plan other than PERA, ERA, or RHCA, and separate GAAP financial statements were not issued for those plans; did the agency include in the notes to its financial statements the financial statements for the individual pension plans as required by GASBS 34 ¶ 106? If separate GAAP financial reports have been issued for those plans, do the agency's notes disclose how to obtain those separate reports?</p> <p>If the entity participates in the PERA, ERA, and/or RHCA did the agency include the standard disclosure posted in the SAO website? (GASBS 50.7 and 45.24)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(43) Do the notes disclose the amount and reason for any fund balance deficits (all governmental fund types) or net asset deficits (proprietary funds only) and a corrective action plan? (GASB Cod. Sec. 2300.108)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(44) For entities other than public entity risk pools, are the following disclosures made: a) a description of the risks of loss to which the entity is exposed and the way(s) in which those risks of loss are handled (for example, purchase of commercial insurance, participation in a public entity risk pool, risk retention); b) a description of significant reductions in insurance coverage from coverage in the prior year by major categories of risk, and an indication of whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years; and c) If an entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibilities of both the entity and the pool? (GASB Cod. Sec. C50.145)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(45) If an entity retains the risk of loss, are the required disclosures made for claims liabilities per GASBS 30.10?</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>If applicable, are the following disclosures included in the notes to the</p>	<p>See below</p>

financial statements:	
(46) Significant effects of subsequent events? (GASB Cod. Sec. 2300.106f)	YES____ NO____ N/A____ Comments: Page Ref:
(47) Construction and other significant commitments (outstanding encumbrances)? (GASB Cod. Sec. 2300.106k; GASB Cod. Sec. 1700.128d)	YES____ NO____ N/A____ Comments: Page Ref:
(48) For each major component unit, the nature and amount of significant transactions with other discretely presented component units or with the primary government? (GASB Cod. Sec. 2300.106p and 2600.110)	YES____ NO____ N/A____ Comments: Page Ref:
(49) Entity risk management activities? (GASBS 10; GASB Cod. Sec. 2300.107a, C50.115, .144-145 and Po20.147-148) For agencies that have self-insurance agreements, do the notes disclose the name of the agency that is providing the insurance and the amount of contribution by the agency to the fund during the year? [SAO Rule 2.2.2.10 (X)]	YES____ NO____ N/A____ Comments: Page Ref:
(50) Segment information (Definition was changed to “different identifiable activities” by GASBS 37 ¶ 10) Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. A segment is an identifiable activity (or grouping of activities), reported as or within an enterprise fund or another stand-alone entity that <u>has one or more bonds or other debt instruments (such as certificates of participation) outstanding, with a revenue stream pledged in support of that debt.</u> In addition, the activity’s revenues, expenses, gains and losses, assets and liabilities are required to be accounted for separately. Disclosure requirements for each segment should be met by identifying the types of goods and services provided, and by presenting condensed financial information in the notes. However, segment reporting is not required when an individual fund is both a segment and is reported as a major fund. Is segment information properly disclosed in the notes to the financial statements? (GASB Cod. Sec. 2300.107c and 2500; GASBS 34.122 – 123; GASB 37 ¶ 17)	YES____ NO____ N/A____ Comments: Page Ref:
(51) Do the notes to the financial statements contain the required disclosures for related organizations, joint ventures and jointly governed organizations? (GASB 14.68, .75 and .77 and SAO Rule 2.2.2.10.W)	YES____ NO____ N/A____ Comments: Page Ref:
(52) Capital leases? (GASB Cod. Sec. 2300.107h and L20.124 and .125; SFAS 13.10, 13 and 16; SFAS 29.12)	YES____ NO____ N/A____ Comments: Page Ref:
(53) Debt refundings? (GASB Cod. Sec. 2300.107j and D20.111-115)	YES____ NO____ N/A____ Comments:
(54) Reverse repurchase and dollar reverse repurchase agreements? (GASB Cod. Sec. 2300.107s and I55.106-113)	YES____ NO____ N/A____ Comments: Page Ref:

(55)Securities lending transactions? (GASB Cod. Sec. 2300.107t and I60.109-114)	YES____ NO____ N/A____ Comments: Page Ref:
(56)On-behalf payments for fringe benefits and salaries? (GASBS 24.12)	YES____ NO____ N/A____ Comments: Page Ref:
(57)Entity involvement in conduit debt obligations? (GASB Cod. Sec C65; GASBI 2.3)	YES____ NO____ N/A____ Comments: Page Ref:
(58)Significant transactions or other events that are either unusual or infrequent but not within the control of management? (GASB Cod. Sec 2200.141 and .159)	YES____ NO____ N/A____ Comments: Page Ref:
(59)Future revenues that are pledged or sold? (GASBS 48.21-22) This disclosure requirement applies if the agency has pledged any revenues to repay bonds, which is common in NMFA financing arrangements. See GASBS 48 Appendix D examples 1, 2, and 3.	YES____ NO____ N/A____ Comments: Page Ref:
(60)Related party transactions? (SFAS 57.2-3 and ARB 43.1.5)	YES____ NO____ N/A____ Comments: Page Ref:
(61)Loss contingencies? (SFAS 5.9-10, 12 and 17; GASBS 10.58)	YES____ NO____ N/A____ Comments: Page Ref:
(62)Change in accounting principle, change in accounting estimate, or change in the financial reporting entity? (GASBS 34.17, footnote 13; APB No. 20)	YES____ NO____ N/A____ Comments: Page Ref:
(63)Did the agency have termination benefits (benefits provided by employers to employees as an inducement to hasten the termination of services or as a result of a voluntary early termination of services including early- retirement incentives, severance benefits, and other termination-related benefits)? If yes, and the benefits were not provided through an existing defined benefit OPEB plan, was the guidance in GASBS 47 followed?	YES____ NO____ N/A____ Comments: Page Ref:
(64)Discontinued operations (proprietary funds)? (APB No. 30)	YES____ NO____ N/A____ Comments: Page Ref:
(65)If the agency is the sponsoring government of an external investment pool such as the New Mexico Office of the State Treasurer or the State Investment Council, does the report include the disclosures required by GASBS 31 ¶ 19 and GASB Cod. Sec. I50.117?	YES____ NO____ N/A____ Comments: Page Ref:
(66)If any of the five obligating events described in GASBS 49.11 (listed below) occurred, did the agency estimate the component of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability, or, if appropriate, be capitalized when goods and services were acquired? (1) The agency was compelled to take remediation action because pollution created an imminent endangerment to public health or welfare or the environment. (2) The government is in violation of a pollution prevention-related permit or license, such as a Resource Conservation and Recovery Act permit or similar permits under state law. (3) The government is named, or evidence indicates that	YES____ NO____ N/A____ Comments: Page Ref:

it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs. (4) The government is named, or evidence indicates that it will be named, in a lawsuit to compel the government to participate in remediation. (5) The government commences, or legally obligates itself to commence, cleanup activities or monitoring or operation and maintenance of the remediation effort.	
(67) If the agency has an endowment fund with land or other real estate investments in it, has the endowment fund properly reported its land and other real estate investments at fair value as required by GASBS 52? Endowments include permanent and term endowments, and permanent funds. GASBS 52 requirements do not apply to: lands granted to states when the states were admitted to the United States; or quasi-endowments which are established by a governing board to function like an endowment. In the first period that this Statement is applied, changes made to comply with this Statement should be treated as an adjustment of prior periods. Have applicable adjustments of prior periods been properly presented?	YES____ NO____ N/A____ Comments: Page Ref:
i. Combining and Individual Fund Financial Statements -	See below
(1) If applicable, are combining statements for the nonmajor funds included after the notes as audited supplemental information? Do the total amounts in the combining statements agree with to the respective amounts shown in the basic financial statements?	YES____ NO____ N/A____ Comments: Page Ref:
(2) Is there a separate combining statement for multiple internal service funds if applicable? Do the total amounts shown in the combining statement tie to the respective internal services column amounts in the Proprietary Fund Financial Statements? (SAO Rule 2.2.2.10.A.(2)(d) and GASBS 34, Example H)	YES____ NO____ N/A____ Comments: Page Ref:
(3) For State Agencies only, are all Statewide Human Resources Accounting and Management Reporting System (SHARE) funds individually reported either as a major fund in the basic financial statements or in a combining statement in the supplementary information section? (SAO Rule 2.2.2.12.A.(2) and DFA GASB 34 Implementation Guide p. 7)	YES____ NO____ N/A____ Comments: Page Ref:
j. Component Units – GASBS 34 ¶ 124-128 and Example F	See below
(1) If there are no component units, is that fact specifically stated in the Summary of Significant Accounting Policies as required by 2.2.2.10 A (1)(b)?	YES____ NO____ N/A____ Comments: Page Ref:
(2) If a component unit is presented in any way other than “discretely,” was an exemption obtained from the State Auditor? Also, do the notes to the financial statements disclose the reasons for changing the presentation from a component unit to a Department or other type of entity (if applicable)? (SAO Rule 2.2.2.10.A(1)(a) and 2.2.2.12.B (2)(b))	YES____ NO____ N/A____ Comments: Page Ref:
(3) If the component unit audit was performed by a different auditor from the primary government auditor, was an exemption obtained from the State Auditor’s Office as required by Section 2.2.2.10.A(1)(c) of NMAC?	YES____ NO____ N/A____ Comments: Page Ref:
(4) If there are discretely presented component units that are non-fiduciary, is information provided in the basic financial statements about each component unit by one of the following methods:	
(a) Presentation of each component unit in a separate column in	YES____ NO____ N/A____

the reporting entity's statements of net assets and activities; or	Comments: Page Ref:
(b) Inclusion of combining statements of the component units in the reporting entity's basic statements after the fund financial statements (the aggregated total component unit information should be the entity totals derived from the component unit's statements of net assets and activities); or	YES _____ NO _____ N/A _____ Comments: Page Ref:
(c) Presentation of condensed financial statements in the notes to the reporting entity's financial statements? (GASBS 37 ¶ 18 and GASBS 34 ¶ 126)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(5) Is the level of detail reported consistent with the materiality level required for the component unit: In general, at the individual fund level within the component unit. [SAO Rule 2.2.2.10 A(1)(d)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(6) If there are no separately issued financial statements for the component unit, are fund financial statements for the component unit included as audited supplemental information? (SAO Rule 2.2.2.10.A(1)(e)(i) and AAG-SLV 3.20)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(7) Are transactions between the primary government and discretely presented component units reported as external transactions, and are receivables/payables reported on a separate line? (GASBS 34.61)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(8) Do the notes disclose how the separate audit reports for the component units can be obtained by disclosing the address of each component unit? (GASB Cod. 2600.120)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(9) Are the required note disclosures for the component unit's significant account balances included in the notes? Also, do the notes disclose the nature and amount of significant transactions with the primary government and other component units? (GASBS 34.128)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(10) If separately issued financial statements of the component unit are not available, are individual fund budgetary comparisons included in the supplemental information section of the report, for each component unit fund with a legally adopted budget? The OSA interprets a "legally adopted budget" to exist any time the agency prepared a budget and in every case where an entity receives federal funds, state funds, or any other "appropriated funds." [AAG-SLV 11.04 and SAO Rule 2.2.2.10 A. (1) (e) (ii)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(11) Are the component unit audit findings included in the audit report of the primary government? [SAO Rule 2.2.2.10. I.(6)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(12) Were all 501(c)3 components of the agency, with gross annual incomes in excess of \$100,000, audited as required by Section 6-5A-1 NMSA 1978? [SAO Rule 2.2.2.10.A.(1)(b)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(13) If there were any separate audit reports written for any of the agency's component units, were all of them submitted to the Office of the State Auditor for review by the date the primary government audit report was due? Was a separate review guide and reporting package submitted to the State Auditor for each separate report of a component unit? [SAO Rule 2.2.2.9.A.(1)(h)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
5 Other Supplementary Information (Required Schedules and RSI) (GASBS 34.129 - 131)	See below
a. Special, Deficiency, Specific and Capital Outlay Appropriations: If special, deficiency, or specific appropriations (including those for capital outlay projects) were appropriated to the agency, are the following disclosed in the notes or a Schedule of Special	YES _____ NO _____ N/A _____ Comments:

Appropriations: the original appropriation, the appropriation period, expenditures to date; outstanding encumbrances; and related unencumbered balances (if applicable)? [SAO Rule 2.2.2.10.P (2)]	Page Ref:
b. Are all Joint Powers Agreements and Memorandums of Understanding disclosed in the notes or a schedule including the elements required by SAO Rule 2.2.2.10.W?	YES _____ NO _____ N/A _____ Comments: Page Ref:
c. If the audit report includes a statistical section (in a CAFR or non-CAFR report), does it comply with the GASBS 44 requirements to include the five categories of information: financial trends; revenue capacity; debt capacity; demographic and economic; and operating? Is there trend information on the governmental fund balances and principal employers, ten-year trend information about net assets and changes in net assets, debt information from the government wide statements and notes, and notes to the schedules regarding sources, methodologies, and assumptions, and explanations of objectives, unfamiliar concepts, relationships between information and the schedules and elsewhere in the audit report, and atypical trends and irregular data that users would not otherwise understand? (GASBS 44 Summary)	YES _____ NO _____ N/A _____ Comments: Page Ref:
d. Do the amounts reported in the notes and schedules agree to the amounts reported in the financial statements including the reconciliations in the basic financial statements?	YES _____ NO _____ N/A _____ Comments: Page Ref:
e. Have all the financial statements, notes and schedules been footed and cross-footed for clerical accuracy?	YES _____ NO _____ N/A _____ Comments: Page Ref:
f. Does the Single Audit report include a Schedule of Expenditures of Federal Awards with the following information? (A-133 .310(b); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(1) Does it list individual federal programs by federal agency? (A-133 .310(b)(1) and AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) For federal programs included in a cluster of programs, does it list individual federal programs within the cluster of programs? For research and development, are the total federal awards expended shown either by individual award or by federal agency and major subdivision within the federal agency? (A-133 .310(b)(1) and AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(3) For federal awards received as a subrecipient, does the schedule include the name of the pass-through entity <u>and the identifying number</u> assigned by the pass-through entity? (A-133 .310(b)(2); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) Does the schedule provide the total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA number is not available? If the entity expended American Recovery and Reinvestment Act (ARRA) awards during the fiscal year, are they separately identified in the Schedule of Federal Awards? This separate identification should also include the R&D cluster regardless of the accommodation made in paragraph .310(b)(1) of OMB Circular A-133. (A-133 .310(b)(3); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(5) Does the schedule include notes that describe the significant accounting policies used in preparing the schedule? (A-133 .310(b)(4); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments:

	Page Ref:
(6) For federal awards the agency received for the purpose of passing through to other entities, does the schedule show the total amount provided to those subrecipients from each federal program (to the extent practical)? (A-133 310 (b) (5); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(7) Does the schedule include in either the schedule itself or a note to the schedule, the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans and loan guarantees outstanding at year-end? (A-133 .310 (b)(6); AAG-SLA 7.06)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(8) Is the value of federal awards expended in the form of loans or loan guarantees outstanding at year end either disclosed in the notes or shown in the Schedule of Expenditures of Federal Awards? (A-133 .310(b)(6))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(9) Was at least 50% of the federal award dollars expended tested as major programs if the entity was not a low-risk auditee? Was at least 25% of federal award dollars expended tested as major programs if the entity was a low-risk auditee? (A-133 .520(f) and AAG-SLA 9.24)	YES _____ NO _____ N/A _____ Comments: Page Ref:
6 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> (This is <u>required in all audit reports</u> in accordance with the audit contract. Follow the examples on the State Auditor’s website which have been updated to meet the requirements of SAS 112 but not SAS 115):	YES _____ NO _____ N/A _____ Comments: Page Ref:
a. Does the report contain the required elements? The AICPA Audit and Accounting Guide contains the provisions listed below: (A-133 .505 (b); AAG-SLA 4.26, and the AICPA example at http://gaqc.aicpa.org as amended on the OSA website)	YES _____ NO _____ N/A _____ Comments: Page Ref:
Introductory/Scope Paragraph	See below
(1) Is there a statement that the auditor audited the financial statements (referring to each opinion unit <u>like the first paragraph of the Independent Auditor’s Report</u>) and a reference to the auditor’s report on the financial statements, <u>including</u> a description of any departure from the standard report? (AAG-SLA 4.50 and Example 4-6 and footnote 24)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) Is there a statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America <u>and the standards applicable to financial audits contained in <i>Government Auditing Standards (GAGAS)</i></u> issued by the Comptroller General of the United States? [GAS 5.05; AAG-SLA 4.26 (b)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
Internal Control Over Financial Reporting Section	See below
(3) Does the paragraph on “internal control over financial reporting” precede the paragraph on “compliance and other matters?” (AAG-SLA 4.50 Examples 4-3 through 4-6)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) Is there a statement that in planning and performing the audit, the auditor considered the agency’s internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the	YES _____ NO _____ N/A _____ Comments:

agency's internal control over financial reporting? [AAG-SLA 4.26(c)]	Page Ref:
(5) Significant Deficiencies (per SAS 112)	See below
(a) If significant deficiencies were noted, is there a paragraph stating that the auditor's consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, the auditors identified certain deficiencies in internal control over financial reporting that they consider to be significant deficiencies?	YES____ NO____ N/A____ Comments: Page Ref:
(b) If there are no significant deficiencies to be reported, was the paragraph described above excluded from the report?	YES____ NO____ N/A____ Comments: Page Ref:
(6) The next paragraph should state that "A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control." Is this wording included in the report?	YES____ NO____ N/A____ Comments: Page Ref:
(a) If significant deficiencies were noted, the paragraph above should end with an additional sentence stating "We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. [List the reference numbers of the related findings, for example, 09-1, 09-3, and 09-4]." Was this additional sentence appropriately included in the report?	YES____ NO____ N/A____ Comments: Page Ref:
(b) If there are no significant deficiencies to be reported, was the additional sentence described in (a) above is omitted?	YES____ NO____ N/A____ Comments: Page Ref:
(7) The report should include the following definition of a material weakness: "A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's internal control." Is this sentence included in the report?	YES____ NO____ N/A____ Comments: Page Ref:
(8) The next paragraph of the report should state "Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies..." Is this wording included in the report?	YES____ NO____ N/A____ Comments: Page Ref:
(a) If significant deficiencies were noted, the paragraph above should end with the following wording "and, accordingly,	YES____ NO____ N/A____ Comments:

<p>would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness. [If there are material weaknesses disclosed, the report should identify the material weaknesses identified by the auditor and the last sentence should use language like, “However, of the significant deficiencies described above, we consider items 09-1 and 09-4 to be material weaknesses.”] Is this additional wording appropriately included in or excluded from the report?</p>	<p>Page Ref:</p>
<p>(b) If there are no significant deficiencies to be reported the wording in item (8) above should end with the following wording “...or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.” Is this additional wording appropriately included in or excluded from the report?</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>Compliance and Other Matters Section</p>	<p>See below</p>
<p>(9) Does the report include the following paragraph? “As part of obtaining reasonable assurance about whether the agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed...”</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(a) If applicable findings were noted, the paragraph above should end with the following wording “instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> and which are described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings, for example, 09-2 and 09-5].” Is this additional wording appropriately included in the report?</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(b) If there were no such findings, the wording in item (9) above should end with the following wording “...no instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i>.” Is this additional wording appropriately included in the report?</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(10)If the auditor has found inconsequential: control deficiencies; instances of fraud; illegal acts; violations of provisions of contracts or grant agreements; or abuse that do not rise to the level of significant deficiencies required to be reported under SAS 112, those instances must be included in the report pursuant to Section 12-6-5 NMSA 1978. Such inconsequential “other matters” should be reported in a paragraph that states “We noted certain matters that are required to be reported under <i>Government Auditing Standards</i> paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 09-6 and 09-7.” Is this paragraph appropriately included in or excluded from the report as applicable?</p>	<p>YES____ NO____ N/A____ Comments: Page Ref:</p>
<p>(11)If applicable, does the report include an audit finding for failure to</p>	<p>YES____ NO____ N/A____</p>

submit the audit report by the due date (December 15 th for state agencies)? Does the finding describe the circumstances for the late report and a response from the governing officials? Is the late report finding included as a significant deficiency in the operation of internal control in the agency's internal controls over financial reporting per the SAS 112 Appendix and SAO Rule 2.2.2.9 A(3)?	Comments: Page Ref:
(12) If there were any audit findings, an additional paragraph should be included in the report following the paragraph regarding inconsequential matters. It should state that "The agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the agency's response and, accordingly, we express no opinion on it." This paragraph should be omitted from the report if there were no findings for management to respond to. Was this paragraph appropriately included or excluded from the report?	YES _____ NO _____ N/A _____ Comments: Page Ref:
Concluding Paragraph	See below
(13) Is there a statement that the report is intended solely for the information and use of the specified parties (audit committee, management, specified legislative or regulatory bodies) and is not intended to be and should not be used by anyone other than these specified parties? [AU 532.15, AAG-SLA 4.28(m)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(14) Is the date of the report included? Is the date the same as the date on the Independent Auditor's Report and the Report on Compliance with Major Programs? [AAG-SLA 4.26 (o) and SAO Rule 2.2.2 10.T(3)(a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
7 Single Audit	See below
Report on Compliance with Requirement Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Circular A-133 (Follow the examples on the State Auditor's website which have been updated to meet the requirements of SAS 112):	See below
a. If the amount of federal dollars expended by the agency during the fiscal year is equal to or greater than \$500,000, is there a Report on Compliance with Requirements Applicable to Each Major Program and a Schedule of Findings and Questioned Costs? This report should contain the following required elements: (A-133 .505 (c) and (d); AAG-SLA 12.23)	YES _____ NO _____ N/A _____ Comments: Page Ref:
Compliance	See below
(1) Is there a statement that the auditor has audited the compliance of the auditee with the types of compliance requirements described in the OMB Circular A-133 <i>Compliance Supplement</i> that are applicable to each of its major programs? (AAG-SLA 12.23a)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) A statement that the auditee's major programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. (AAG-SLA 12.23b)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(3) A statement that compliance with requirements of laws, regulations, contracts and grants applicable to each of the auditee's major federal programs is the responsibility of the auditee's management, and that the auditor's responsibility is to express an opinion on the auditee's compliance based on the audit. (AAG-SLA 12.23c)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) Is there a statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of	YES _____ NO _____ N/A _____ Comments:

<p>America; standards applicable to financial audits contained in <i>Government Auditing Standards</i> (GAGAS) issued by the Comptroller General of the United States; and OMB Circular A-133? (AAG-SLA 12.23 d, SAS 93)</p>	<p>Page Ref:</p>
<p>(5) Are the following statements included: that those standards and OMB Circular A-133 require that the auditor plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred; that an audit includes the examining, on a test basis, evidence about the auditee’s compliance with those requirements and performing of such other procedures as the auditor considered necessary in the circumstances; that the auditor believes that the audit provides a reasonable basis for the auditor’s opinion; and that the audit does not provide a legal determination of the auditee’s compliance with those requirements? [AAG-SLA 12.23 (e) to (h)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(6) If instances of noncompliance are noted that result in an <u>opinion modification</u>, is there a reference to a description of the related findings in the accompanying schedule of findings and questioned costs, including reference number(s) of the finding(s), identification of the type(s) of compliance requirements, and the related major program(s), and a statement that compliance with such requirements is necessary, in the auditor’s opinion for the auditee to comply with the requirements applicable to the program(s)? [AAG-SLA 12.23(i)]</p> <p>Is the opinion worded “In our opinion, except for the noncompliance described in the preceding paragraph, the auditee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended ...?”</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(7) If the <u>opinion was not modified</u>, is there an opinion stating that the auditee complied in all material respects, with the types of compliance requirements that apply to each of its major federal programs? [AAG-SLA 12.23(j)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(8) If the <u>opinion was not modified, but there were compliance related findings</u>, is the sentence described in (7) above followed by the statement “However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items [list the reference numbers of the related findings]”? (AAG-SLA 12.23k)</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>Internal Control Over Compliance Section</p>	
<p>(9) In all reports does this section begin with a statement that the auditee’s management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs? [AAG-SLA 12.23 (l)]</p> <p>Does a sentence follow the one described above stating that in</p>	<p>YES _____ NO _____ N/A _____ Comments:</p>

<p>planning and performing the audit, the auditor considered the agency’s internal control over compliance with requirements that could have a direct and material effect on a major federal program, in order to determine the auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and accordingly the auditor does not express an opinion on the effectiveness of the agency’s internal control over compliance? [AAG-SLA 12.23 (m)]</p>	<p>Page Ref:</p>
<p>(10) <u>If significant deficiencies in internal controls over compliance were noted</u>, does this paragraph follow the paragraph described in item (9) above? “Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.”</p> <p>If applicable, is the phrase “and others that we consider to be material weaknesses” included?</p> <p>Does a paragraph follow that defines a “control deficiency” and a “significant deficiency” in the entity’s internal control over compliance, and provides specific findings (by reference number) in the accompanying schedule of findings and questioned costs that were determined by the auditor to be significant deficiencies? [AAG-SLA 12.23 (n) and (o)]</p> <p>Does a paragraph follow the one described above, that defines a material weakness, and states whether the auditor considered any of the deficiencies in the accompanying schedule of findings and questioned costs to be material weaknesses? Are the findings that are considered a material weakness listed by reference number? [AAG-SLA 12.23 (q) and (r)]</p>	<p>YES _____ NO _____ N/A _____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>(11) <u>If no significant deficiencies in internal controls over compliance were noted</u>, is there a paragraph following the one described in (9) above that defines a “control deficiency” and a “significant deficiency”?</p> <p>Is the paragraph described above followed by a paragraph defining a material weakness as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control? [AAG-SLA 12.23(q)]</p> <p>Is the paragraph described above followed by a paragraph stating that the auditor’s consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and a statement that the auditor did not identify any deficiencies in internal control over compliance that the auditor</p>	<p>YES _____ NO _____ N/A _____</p> <p>Comments:</p>

considers to be a material weakness as defined above? [AAG-SLA 12.23 (p)]	Page Ref:
(12) In all reports for audits with findings regarding major federal programs, is there a paragraph stating that the agency's response to the findings identified in the audit are described in the accompanying schedule of findings and questioned costs, and that the auditors did not audit the agency's response and, accordingly, do not express an opinion on it? (Example reports at http://gaqc.aicpa.org/Resources/Illustrative+ Auditors+Reports/)	YES _____ NO _____ N/A _____ Comments: Page Ref:
(13) Is there a separate paragraph at the end of the report stating that the report is intended solely for the information and use of the specified parties (audit committee, management, specified legislative or regulatory bodies, federal awarding agencies, and if applicable pass-through entities) and is not intended to be and should not be used by anyone other than these specified parties? [AU 532.15; AAG-SLA 4.28(m)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(14) Is the date of the report included? Is the date on this report consistent with the dates of the other auditor reports issued? [AAG-SLA 12.23 (u)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
8 Schedule of Findings and Questioned Costs (GAGAS 5.19, AAG-SLA 12.32 (a); SAO Rule 2.2.2.10 I.; A-133.505d) Is the Schedule titled as such in the report and does the schedule include the following information? All findings should be presented in sufficient detail and include the following elements: [A-133 .510(b); AAG-SLA 12.37 (a)]	YES _____ NO _____ N/A _____ Comments:
a. Does the Schedule of Findings and Questioned Costs begin with a Summary of Auditor's Results section containing the following elements? [A-133 .505d; AAG-SLA 12.32 (a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(1) The type of report the auditor issued on the financial statements of the agency (unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion.) (A-133 .505(d)(i) and AAG-SLA 12.32 (a))	YES _____ NO _____ N/A _____ Comments: Page Ref:
(2) A statement regarding whether or not any significant deficiencies in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses. [A-133 .505(d)(ii) and AAG-SLA 12.32 (a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(3) A statement regarding whether or not the audit disclosed any non-compliance that is material to the financial statements. [A-133 .505(d)(iii) and AAG-SLA 12.32 (a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(4) A statement regarding whether or not significant deficiencies in the internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. [A-133 .505(d)(iv) and AAG-SLA 12.32 (a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
(5) The type of report the auditor issued on compliance for major programs (unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion). [A-133 .505(d)(v) and AAG-SLA 12.32 (a)]	YES _____ NO _____ N/A _____ Comments: Page Ref:

<p>(6) A statement whether the audit disclosed any audit findings that the auditor is required to report under 510(a) of Circular A-133 such as: (1) significant deficiencies in internal control over major programs; (2) material (in relation to a type of compliance requirement for a major program or audit objective in the compliance supplement) noncompliance with the provisions of laws, etc.; (3) known questioned costs greater than \$10,000 for a type of compliance requirement for a major program; (4) known question costs greater than \$10,000 for a Federal program which is not audited as a major program; (5) circumstances causing the auditor's report on compliance for major programs to be other than an unqualified opinion, unless otherwise reported; (6) known fraud affecting a federal award, unless otherwise reported in a federal award finding; (7) and instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding. [A-133 .505(d)(vi) and AAG-SLA 12.32 (a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(7) Does it identify the auditee's major programs? [A-133 .505(d)(vii) and AAG-SLA 12.32 (a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(8) The dollar threshold used to distinguish between type A and B programs? [A-133 .505(d)(viii); AAG-SLA 12.32 (a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>(9) A statement indicating whether the auditee qualified as a low-risk auditee? [A-133 .505(d)(ix); AAG-SLA 12.32 (a)(9)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>b. Are the findings presented in sufficient detail and include the following information: Condition, Criteria, Effect, Cause, Recommendation, and Agency Response? [A-133 .510(b); AAG-SLA 12.37 (a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>c. Is there a reference number for each finding? For all modified or repeated prior year audit findings, was the original finding number used to preserve the audit trail? [A-133 .510 (c); AAG-SLA 12.39 and SAO Rule 2.2.2.10. I (3)(a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>d. For all federal award findings referenced in the A-133 report, the following information should be included in the finding: Are the federal programs and awards specifically identified, including the Catalog of Federal Domestic Assistance (CFDA) title and number, federal award number and year, name of federal agency, and name of applicable pass-through entity? When information such as the CFDA title and number or federal award number is not available, the auditor should provide the best information available to describe the federal award. [A-133 .510(b); AAG-SLA 12.37(a)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>e. Are the facts and amounts supporting the deficiency clearly identified in the <u>condition</u> paragraph? Is information included that provides a proper perspective for judging the prevalence and consequences of the audit findings, such as whether the findings represent an isolated instance or a systemic problem? Where appropriate, are instances identified: related to the universe; related to the number of cases examined; and quantified in terms of dollar value? [A-133 .510(b)(5); AAG-SLA 12.37(e)] (GAGAS 5.15 (2003), GAGAS 4.16 (2007), A-133 .510(b)(3); AAG-SLA 12.37(c)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>f. If applicable, is the amount of questioned costs reported, including how they were computed? [A-133 .510(b)(4) AAG-SLA 12.37(d)]</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>

g. Is the criterion or specific requirement, upon which the audit finding is based, including the statutory, regulatory, or other citation reported in the <u>criteria</u> paragraph? [GAGAS 5.15, A-133 .510(b)(2); AAG-SLA 12.37(b)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
h. Does the <u>effect</u> (or potential effect) explain the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria)? Does it explain the outcomes or consequences of the condition? [GAGAS 5.15 (2003); GAGAS 4.18 (2007)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
i. Does the <u>cause</u> explain the difference between the situation described in the “condition” and the required or desired state described in the “criteria”? Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. A properly determined cause will facilitate an appropriate recommendation.(GAGAS 4.17 (2007)	YES _____ NO _____ N/A _____ Comments: Page Ref:
j. Are recommendations included to prevent future occurrences of the deficiencies identified in the condition <u>and</u> cause paragraphs? [(A-133 .510(b)(7); AAG-SLA 12.37 (g); GAGAS 4.17 (2007)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
k. Are views of responsible officials and management’s planned corrective actions included in the <u>agency response</u> paragraph? (A-133 .510 (b) and .510(b)(8); GAGAS 5.26 to 5.30 (2003); GAGAS 5.32 (2007); AAG-SLA 12.38)	YES _____ NO _____ N/A _____ Comments: Page Ref:
l. If management’s response or planned corrective actions did not adequately address the auditors’ recommendations, did the auditor state his/her reasons for disagreeing with the management response or planned corrective actions as required by GAGAS 5.30 (2003) and GAGAS 5.35 (2007)? If so, an Auditor’s Rebuttal should be presented after the management’s response.	YES _____ NO _____ N/A _____ Comments: Page Ref:
m.If the data collection form and the reporting package were not submitted to the federal clearing house within 9 months after the fiscal year end as required by OMB Circular A-133.320, was a compliance finding reported in the A-133 single audit report?	YES _____ NO _____ N/A _____ Comments: Page Ref:
n. Were the findings separated into two sections, (1) for the financial statement findings required by GAGAS (significant deficiencies in internal control over financial reporting, all instances of fraud and illegal acts unless those involving federal awards; material violations of provision of contracts and grant agreements, and material abuse) and (2) for the Federal award findings and questioned costs required by 510(a) of Circular A-133 above (described in a (6) above), including findings of abuse? [A-133 .505 (2) and (3) GAGAS 4.17-4.18, and AAG-SLA 12.31 and 12.32 (b) and (c)]	YES _____ NO _____ N/A _____ Comments: Page Ref:
o. Are audit findings that relate to both (1) the financial statements and (2) the federal awards reported in both sections, with the reporting in one section of the schedule in summary form with a reference to the more detailed reporting in the other section of the schedule? (A-133 .505 (d) (3) and AAG-SLA 12.32(c))	YES _____ NO _____ N/A _____ Comments: Page Ref:
p. Does the schedule include a status of prior year audit findings? Compare it to the prior year audit report to be sure all prior year audit findings were included as resolved, modified and repeated, or repeated. (SAO Rule 2.2.2.10 I(2), AAG-SLA 12.05, 12.41 and 12.42, A-133 .315)	YES _____ NO _____ N/A _____ Comments: Page Ref:
q. Were indications of fraudulent or illegal acts of a criminal nature or other sensitive matters affecting federal awards or other funds noted	YES _____ NO _____ N/A _____ Comments:

<p>during the audit? If so, did you report these matters in a letter to the Office of the State Auditor? [SAO Rule 2.2.2.10 K (3)]</p>	<p>Page Ref:</p>
<p>r. If the IPA prepared the financial statements in conformance with Subsection H of 2.2.2.8 NMAC, for management’s review and approval, including documenting the safeguards as required by GAGAS 3.17, is the fact that the auditor prepared the financial statements disclosed in the concluding paragraphs of the audit report, after the schedule of findings and questioned costs?</p> <p>Did the auditor carefully determine whether a related financial statement finding is required? The SAS 112 Appendix lists “employees or management who lack the qualifications and training to apply generally accepted accounting principles in recording the entity’s financial transactions or preparing its financial statements” as circumstances that may be a control deficiency, significant deficiency, or material weakness. (SAO Rule 2.2.2.8.J.(4) and SAS 112 Appendix)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p> <p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>9 Exit Conference</p>	<p>See below</p>
<p>a. Were the date of the exit conference, and the names and titles of those in attendance listed? Was there at least one member of the governing body and top management present at the exit conference? In State agencies, the Cabinet Secretary (or the equivalent) is considered “top management.” [SAO Rule 2.2.2.10 J]</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>b. If there is a component unit, was a representative of the component unit present at an exit conference? If a quorum of a public body subject to the Open Meetings Act was present at the exit conference, was the meeting held in a closed session to preserve the confidentiality of the information? If so, the disclosure should state that it was held in a closed session. If not, is there a related finding for noncompliance with the Open Meetings Act? [SAO Rule 2.2.2.10 J(1-3)]</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p> <p>Page Ref:</p>
<p>10 Management Representation Letter</p>	
<p>a. Dating of the Management Representation Letter – Paragraph 14 of SAS 113 is effective for audits beginning in FY07. Is the management representation letter dated the same day as the Independent Auditor’s Report? This date is no longer the last day of field work. It is no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the opinion, the audit documentation has been reviewed, and management has asserted that it has taken responsibility for the financial statements including the disclosures. (SAS 103 ¶ 23 and SAS 113 ¶ 14)</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>
<p>b. Does the management representation letter reflect the following updated SAS 99 language: (1) We have no knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements; and (2) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.</p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>
<p>c. Does the management representation letter contain the required representations regarding the (1) preparation of adjusting journal entries to convert the cash basis to the accrual basis of accounting; and (2) preparation of the trial balances and financial statements? (GAGAS 3.18 (a) and Q 46 of <i>Government Auditing Standards Answers to</i></p>	<p>YES_____ NO_____ N/A_____</p> <p>Comments:</p>

<i>Independence Standards Questions, Q & A Guide.)</i>	
d. If there are no passed audit adjustments, does the letter omit the standard representation indicating that “misstatements noted in the attached schedule are immaterial”?	YES____ NO____ N/A____ Comments:

Note: this review guide should be completed and signed only by the Audit Manager or the employee in charge of the firm’s quality control system.

I hereby certify that the financial statements were presented in accordance with applicable auditing, accounting and financial reporting standards, OMB Circular A-133, and 2.2.2 NMAC. I also certify that all of the questions noted above were answered correctly, page numbers were properly referenced for all “yes” answers, and all no answers were fully explained or corrected:

Print Name

Print Title

Signature

Date