

From: [Bryson Frazier](#)
To: [Elise Mignardot](#)
Subject: Proposed Audit Rule Changes - Questions
Date: Monday, February 10, 2020 10:24:23 AM

Good morning, Elisa,

Thank you for the opportunity to submit questions related to the proposed changes to the Audit Rule. While most of the changes look OK, we did have some questions. More specifically, we have questions about the changes related to JPAs, GASB 77 disclosures, and schedule of changes in assets and liabilities for agency funds.

Questions related JPAs:

- Our current auditors include audit procedures for our existing JPAs. Would this change mean that all JPAs are separate agencies requiring the own AUP or external audit?
- What circumstances would require a JPA to have its own separate AUP or external audit?
 - Assuming a separate AUP or external audit is required and using a five-government (local and county governments) regional emergency communications center as an example, what entity would drive the audit?
 - What about JPAs like the New Mexico Self-Insurers Fund (NMSIF)?
 - Assuming a separate AUP or external audit is required for JPAs, how would that be determined?
 - Is there a tiering schedule like there is for special districts?
- Would the lead entity, or other entities, need to disclose the results of the AUP or external audit of the JPA in their CAFR?
- If a JPA is deemed not to require a separate AUP or external audit, is the current practice of including audit procedures for JPAs in our external audit acceptable?

GASB 77 Disclosure Questions:

- It appears the proposed changes remove the requirement to complete and submit GASB 77 tax abatement disclosure forms to other agencies who are impacted by the abatement. It also appears to remove the requirement to include the disclosure forms in the notes to the financial statements. Is this correct?
 - If so, do governments still need to complete the GASB 77 forms for records keeping or audit purposes?

Agency Funds – Supplemental Information Question:

- It appears the proposed change removes the requirement to include a schedule of changes in assets and liabilities for agency funds in the supplemental information section. Is this correct?

Thanks!

Bryson Frazier
Deputy Director of Financial Services
City of Rio Rancho
