



**Joseph M. Maestas, PE, CFE**

**New Mexico State Auditor**

**Small Local Public Bodies Annual Report**

**Fiscal Year 2025**

**Office of the State Auditor**

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This report is for informational purposes only and was developed by the Small Local Public Body Coordinator in the Office of the State Auditor. It is intended to provide the status of statewide policy implementation and financial compliance standards and is not intended to provide financial guidance, advice, or direction. For technical assistance for small local public bodies trying to achieve financial compliance, please contact:

Manuel Luna  
Small Local Public Body Coordinator  
Email: [manuel.luna@osa.nm.gov](mailto:manuel.luna@osa.nm.gov) Phone: 505-394-1600

# **Small Local Public Body (sLPB) Assistance Program Annual Report – Fiscal Year 2025**

## **Executive Summary**

The Small Local Public Body (sLPB) Assistance Program, administered by the New Mexico Office of the State Auditor (OSA), completed its second year of operations in Fiscal Year 2025. Originally launched to address persistent compliance challenges among New Mexico’s smallest public entities—including acequias, land grants, mutual domestic water consumer associations, soil and water conservation districts, and small municipalities—the program has evolved into a proven model for enhancing accountability, restoring access to public funding, and building local capacity.

- **Program Evolution**

What began as a targeted pilot has matured into a statewide initiative that is reshaping how New Mexico supports its smallest public entities.

- **Community-Level Impact**

These efforts have led to tangible improvements such as repaired irrigation systems, upgraded fire protection equipment, and restored access to cultural lands.

- **Stakeholder Engagement**

FY25 also marked the launch of the first-ever Small Local Public Body Forum, bringing together community leaders and policymakers to collaboratively address systemic barriers and shape future reforms.

- **Legislative Momentum**

Legislative efforts such as Senate Bill 511, though not enacted, signaled growing momentum for modernizing the Audit Act and reducing compliance burdens for small entities.

- **Efficiency and Stewardship**

With nearly 80% of funds directed to professional services and less than 2% reverted, the program demonstrated strong fiscal stewardship and high-impact service delivery.

- **Vision for FY26**

As the program enters its third year, it is poised to expand its reach, deepen its impact, and continue building a more equitable and accountable public finance system across New Mexico.

## **Barriers to Financial Compliance**

Many small entities are governed by volunteers or part-time staff with limited administrative and financial expertise. Without assistance, these bodies often fall behind in reporting, resulting in loss of access to critical resources such as capital outlay appropriations, infrastructure funding, and

federal grants. The sLPB Assistance Program breaks this cycle by pairing Independent Public Accountants (IPAs) with local bodies through competitively procured contracts, supported by OSA's outreach, training, and technical guidance.

### **FY25 Impact**

- **113 entities** were brought into compliance, completing 355 financial certifications.
- **\$7.5 million** in previously withheld capital outlay funds released.
- **64 entities** received direct financial support through IPA-led engagements.
- **17 outreach sessions** across 12 counties, delivering training and technical assistance.
- Establishing the first-ever sLPB Forum, creating a statewide platform for collaboration and reform.

These outcomes have translated into tangible benefits for communities, including repaired irrigation systems, upgraded infrastructure, and strengthened governance practices.

### **Legislative and Policy Leadership**

In FY25, the Office of the State Auditor (OSA) advanced broader reform efforts by supporting Senate Bill 511, which sought to replace the outdated tiered reporting system with a more streamlined, transparent framework. Although the bill did not pass during the legislative session, its introduction reflected a growing consensus around the need for systemic change. Building on this momentum, the newly established sLPB Forum Work Group will develop policy recommendations—grounded in community input—for consideration in the 2026 legislative session.

### **Fiscal Stewardship**

Of the \$1 million appropriated for FY25, the program expended \$984,904.84, with only \$15,095.16 reverting—demonstrating strong fiscal stewardship and efficient use of public funds. Nearly 80% of the budget was directed toward professional services that directly supported compliance with the Audit Act and Audit Rule.

### **Looking Ahead**

As the program enters its third year, priorities include:

- Expanding IPA partnerships to increase statewide coverage.
- Providing audit preparation services to the most resource-limited entities.
- Continuing outreach and training, with emphasis on rural and underserved communities.
- Advancing legislative reforms to simplify and modernize the Audit Act requirements.

## **Conclusion**

The sLPB Assistance Program has quickly become a cornerstone of fiscal accountability and capacity-building in New Mexico. By investing in compliance support and community empowerment, the state is ensuring that even its smallest public bodies can access funding, deliver essential services, and maintain public trust. Sustained legislative investment and stakeholder collaboration will be critical to meeting growing demand and securing long-term success.

## **Small Local Public Body (sLPB) Assistance Program Annual Report – Fiscal Year 2025**

### **Introduction**

The Small Local Public Body (sLPB) Assistance Program, administered by the New Mexico Office of the State Auditor (OSA), entered its second year of implementation in Fiscal Year 2025, supported by legislative funding. Initially launched as a targeted pilot to address persistent compliance gaps, the program has evolved into a statewide initiative that delivers measurable results, closes long-standing reporting backlogs, and redefines how OSA engages with and supports New Mexico's smallest public entities.

### **Why This Program Matters**

New Mexico is home to hundreds of small, community-based public entities—such as acequias, land grants, mutual domestic water consumer associations, soil and water conservation districts, and small municipalities—that play a vital role in safeguarding natural resources, preserving cultural heritage, and delivering essential services. Despite their importance, these organizations often operate with limited financial and administrative capacity. Most are governed by part-time volunteers or board members with minimal staff support and little access to professional financial expertise.

As a result, many small local public bodies have struggled to meet the requirements of the Audit Act and Audit Rule, with some falling years behind in mandatory reporting. This chronic noncompliance has serious consequences: delayed or denied access to capital outlay appropriations, stalled infrastructure projects, missed opportunities for federal investment, and growing frustration among the communities they serve. Ultimately, the cycle of noncompliance erodes public trust and undermines these entities' ability to fulfill their missions.

### **A Targeted Solution**

The sLPB Assistance Program was launched to break this cycle. By connecting local bodies directly with Independent Public Accountants (IPAs) through a competitive procurement process and pairing that with technical support from OSA staff, the program ensures that professional financial services are both accessible and affordable to small entities that would otherwise be unable to obtain them.

The program's approach is proactive and hands-on. It not only helps entities prepare required financial certifications, audits, and agreed-upon procedures but also provides training for treasurers, board members, and community leaders on how to maintain compliance going forward. This dual emphasis—meeting immediate statutory obligations while building long-term capacity—has been central to the program's success.

### **FY25: A Year of Growth and Impact**

Fiscal Year 2025 marked a turning point for the program. With \$1 million in legislative appropriation, OSA expanded the program's reach, serving more than 60 small local public bodies through IPA-led engagements and direct technical assistance. Entities that had been out of compliance for more than a decade were brought up to date, unlocking long-withheld funds for urgent community projects.

Equally important, the program broadened its statewide presence through targeted outreach and training sessions in Roswell, Gallup, Taos, Santa Fe, Clovis, Silver City, Mora, Española, Cuba, Albuquerque, and Socorro. These sessions provided practical guidance on OSA Connect, contract reporting, and financial management, and offered local leaders a forum to address their challenges directly with state officials.

The results speak for themselves: more than \$7.5 million in previously withheld capital outlay funds were released, enabling acequias to repair irrigation systems, land grants to preserve cultural lands, volunteer fire departments to secure lifesaving equipment, and small municipalities to move forward with long-delayed infrastructure improvements. These outcomes demonstrate that strategic investment in compliance support translates directly into stronger, safer, and more resilient communities.

### **Building for the Future**

Beyond direct services, FY25 was also a year of policy leadership and collaborative problem-solving. OSA supported Senate Bill 511, legislation introduced to streamline and modernize the reporting framework for small entities by replacing the outdated tiered system with a simplified structure. While the bill did not advance this session, it reflected growing recognition that systemic reform is necessary. The experiences of the sLPB Assistance Program provide a clear blueprint for these changes.

To further strengthen its impact, OSA convened the first-ever Small Local Public Body Forum in June 2025. This historic gathering brought together acequia leaders, land grant representatives, mutual domestic water associations, legislators, and advocates to discuss persistent barriers and identify practical solutions. A key outcome was the formation of the sLPB Forum Work Group, which is now tasked with developing policy recommendations for the 2026 legislative session.

## **Looking Ahead**

The accomplishments of FY25 demonstrate that the sLPB Assistance Program has moved beyond an experimental initiative—it is now a proven model for strengthening fiscal accountability and community resilience. By combining professional services, training, outreach, and policy engagement, the program is helping New Mexico’s smallest entities overcome historic barriers and chart a sustainable path forward.

As the program enters its third year, the challenge is not whether it can succeed, but how it can grow to meet overwhelming demand. With continued legislative support and collaboration among state agencies, community leaders, and advocacy organizations, the sLPB Assistance Program has the potential to transform the compliance landscape in New Mexico—ensuring that no public body, regardless of size, is left behind.

## **Growth in FY25**

In its second year, the program has demonstrated measurable growth and increasing impact. Fiscal Year 2025 represented a turning point, with about **\$780,000 invested in direct services** delivered statewide. Three IPA firms were selected and procured through a cooperative Request for Proposals, partnered with the program to serve more than 64 small local public bodies. This effort addressed backlogs of reporting, strengthened internal controls, and helped organizations develop basic financial management practices.

These engagements directly contributed to:

- Closing compliance gaps that, in some cases, go back 15 years.
- Restoring eligibility for delayed or withheld state and federal funding.
- Training local treasurers and board members on the requirements of reporting to OSA.
- Strengthening governance and improving accountability to the communities they serve.

In many cases, the program’s support enabled small entities to unlock hundreds of thousands of dollars in capital outlay funding that had previously been withheld. For acequias and land grants, this meant repairing water infrastructure, upgrading irrigation systems, and preserving cultural lands. For volunteer fire departments, it meant access to the funding necessary to keep communities safe through equipment. For municipalities, it meant long-delayed projects could finally move forward.

## **Program Purpose and Approach**

The mission of the sLPB Assistance Program is to promote fiscal accountability and transparency by providing direct technical, financial, and support to small local public bodies. Its core objectives are:

- **Enhancing Audit Act Compliance:** Helping entities complete overdue audits, agreed-upon procedures (AUPs), and Tier Certifications.
- **Restoring Access to Funding:** Enabling entities to regain eligibility for state and federal funding tied to audit compliance.
- **Building Local Capacity:** Delivering training, outreach, and one-on-one technical support to strengthen local knowledge and long-term sustainability.

Services are delivered through competitively procured IPA contracts, ensuring quality and consistency, while OSA staff provide additional outreach, training, and case management to guide entities through the process.

### **Key Activities and Highlights – FY 2025**

In FY25, the program broadened its statewide reach and emphasized service delivery in rural and underserved areas. Key highlights included:

- **Statewide Application Process:** Opened in October 2024, prioritizing entities facing urgent deadlines, funding delays, or staffing shortages. Demand exceeded available funding, underscoring the program’s critical importance.
- **IPA-Led Engagements:** Partnered with the three RFP selected IPAs to complete delinquent AUPs and tier certifications, tailored to entity revenue levels and compliance needs. These engagements addressed immediate compliance requirements.
- **Outreach and Training:** OSA conducted trainings in Roswell, Gallup, and Taos, Santa Fe, Clovis, Silver City, Mora, Espanola, Cuba, Albuquerque, and Socorro, providing guidance on OSA Connect, Contract and Tier Certifications entry, and participant-driven topics. The outreach and training were focused on engaging sLPB leaders and stakeholders.
- **Restored Funding Access:** Multiple entities regained eligibility for capital outlay funding, ensuring that millions of public dollars could finally flow into local communities for infrastructure and service needs.

Through these efforts, the program delivered tangible results while building trust with communities that have historically struggled to access state-level support.

### **Audit Act Amendments: SB 511**

Through ongoing outreach and direct engagement, the Office of the State Auditor (OSA) has consistently heard concerns from small local public bodies about the challenges they face under the current Audit Act—particularly its tiered system of reporting requirements. Although originally intended to scale compliance obligations based on entity size, the tiered framework has often been criticized as overly complex, confusing, and burdensome—especially for the very entities it was designed to support. In response, OSA supported efforts to modernize this framework during the



2025 legislative session. Senate Bill 511 sought to repeal the current tiered system and replace it with a more streamlined, transparent structure. The proposed changes that specifically help sLPBs included:

### **Revenue thresholds in the Tier System**

- **Tier 1: Less than \$100,000 and no** direct expenditure of  $\geq 50\%$  (or the remainder) of a single capital outlay award:
  - **Exempt** from LGD budget filings and **exempt** from reporting to the State Auditor.
- **Tier 2: Less than \$100,000 and does** directly expend  $\geq 50\%$  (or the remainder) of a single capital outlay award:
  - Must file an AUP focused solely on capital outlay funds; the AUP must be feasible and tailored by the State Auditor.
- **Tier 3: between \$100,000 and \$1,000,000**
  - Must submit a financial report with a cash-basis comparison schedule and a test sample of any expended capital outlay funds; AUP must be narrowly tailored and feasible.
- **Not in the Tier System \$1,000,000+:**
  - Full audit required.

Although SB 511 did not advance this session, it reflected growing recognition that reform is necessary to reduce barriers to compliance. The experiences of the sLPB Assistance Program underscore how a simplified and more transparent reporting framework could both ease the burden on small entities and strengthen accountability across New Mexico.

### **FY25 Expenditures**

In FY25, the program managed a \$1 million appropriation. Of this, \$984,904.84 was expended and \$15,095.16 was reverted, demonstrating efficient stewardship of public resources (see Table 1).

- **Personnel (\$200,000):** Covered the salaries of the Program Coordinator, two interns, and IT support.
- **Professional Services (\$778,294.45):** The largest expenditure category, with IPA contracts supporting AUPs and Tier Certifications across the state:
  - Accounting & Auditing Services LLC: 42 agencies served.
  - Baldwin Accounting & Consulting: 12 agencies served.
  - Beasley Mitchell & Co.: 5 agencies served.

- Southwest Accounting Solutions: Full financial audit for the Village of Des Moines.
- Clifton Larson Allen: Developed the sLPB Toolkit.
- OSA's Financial Audit Division: Conducted AUPs for 3 agencies.
- **Travel/Technology (\$6,610.39):** Covered training-related travel and the purchase of three laptops to enhance program operations.

This distribution reflects the program's commitment to prioritizing direct services to local entities, with the majority of funds flowing to audit preparation and financial compliance activities.

## **Outcomes and Impact**

The program's FY25 efforts yielded measurable progress:

The Small Local Public Body Assistance Program achieved significant milestones in FY25, further strengthening financial accountability and compliance across New Mexico's smallest entities. A total of 113 entities were brought into compliance, ensuring they met statutory reporting and certification requirements. In total, 355 financial certifications were completed, demonstrating the program's reach and efficiency.

One of the most impactful outcomes was the release of \$7.5 million in previously withheld capital outlay funds, unlocking critical infrastructure and community development projects that had been stalled due to compliance barriers. Additionally, 64 small local public bodies received direct financial support, highlighting the program's commitment to ensuring equitable access to resources.

Outreach and education remained a cornerstone of success, with 17 workshops and conferences conducted across 12 counties, providing training, technical assistance, and hands-on support. The program also convened the first-ever sLPB Forum, bringing together grassroots advocates, community leaders, and stakeholders to discuss persistent challenges and explore innovative solutions for small entities across the state.

Feedback from local officials, IPA partners, and legislators has been overwhelmingly positive, citing the program's ability to deliver practical, accessible support while building local confidence in financial management.

## **Small Local Public Body Forum – FY25**

On June 23, 2025, the OSA hosted the first-ever Small Local Public Body Forum, a statewide convening of acequias, land grants, MDWCAs, SWCD, Special Districts, and state partners.

Key discussions focused on:

- Persistent barriers to compliance.
- Strategies for building administrative capacity.

- Opportunities for legislative and regulatory reform.
- Leveraging technology to improve efficiency.

A key outcome was the establishment of the sLPB Forum Work Group, tasked with developing policy recommendations and coordinating advocacy efforts for the 2026 legislative session. Participants praised the event as an unprecedented opportunity to collaborate directly with policymakers to address long-standing challenges.

### **Challenges and Lessons Learned**

Despite notable progress, challenges remain:

- **Limited Internal Capacity:** Many entities require pre-audit assistance before IPA work can begin.
- **Funding Constraints:** Demand continues to exceed available appropriations, limiting the program's reach.
- **Outreach Gaps:** Expanded training and technical assistance to more parts of the State.
- **Policy Changes that help Rural New Mexico:** Advocate for policy changes that are designed with rural communities in mind—not as an afterthought, but as a central focus. These reforms should reflect the realities on the ground and ensure that rural public bodies receive equitable support and access to resources.

### **Looking Ahead – FY 2026 and Beyond**

Priorities for the coming year include:

- Expanding the roster of IPA partners to increase statewide coverage.
- Audit preparation services for entities most in need of the extra support for audit readiness.
- Advocating for the continuation of the legislative appropriation to continue building upon the success of the program.
- Continuing momentum from the Forum by advancing Work Group recommendations into policy proposals to include the changes to the Audit Act.
- Continuing to expand OSA Connect capabilities to provide better data tracking and also include tier certification in the report search database.

### **FY26 Budget – Small Local Public Body Assistance Program**

For Fiscal Year 2026, OSA has developed a comprehensive \$1,000,000 budget to support the sLPB Assistance Program (see Table 2). This funding will allow the program to continue addressing one of New Mexico's most persistent challenges: ensuring that small and resource-limited entities—such as acequias, land grants, mutual domestic water consumer associations, volunteer fire

departments, and small municipalities—can meet financial reporting and audit compliance requirements under the Audit Act.

### **Category 200 – Personnel (\$225,000)**

Personnel funding provides for the salaries of the program’s Coordinator, two interns, and essential IT support. These positions are critical for overseeing daily program operations, assisting local bodies in navigating compliance requirements, and ensuring timely progress across multiple contracts and deliverables. By maintaining dedicated staff capacity, the program can continue to provide hands-on support to small entities statewide.

### **Category 300 – Professional Services (\$750,000)**

The majority of the budget is dedicated to professional services, which ensure that qualified Independent Public Accountants (IPAs) and other experts are available to assist small local entities with their reporting and compliance obligations:

- **RFP Contracts (\$450,000):** Funding for IPA contracts to prepare and complete Agreed-Upon Procedures (AUP) and Tier Certification reports, which are essential for maintaining accountability and compliance.
- **Small Municipalities Audits (\$150,000):** Resources dedicated to completing five full audits for small municipalities that lack the capacity to procure audit services independently.
- **Audit Preparation Services (\$50,000):** Professional support to assist local bodies in preparing financial records and documentation, ensuring timelier and more accurate report delivery.
- **OSA Connect Enhancements (\$100,000):** Investments in technology to improve the OSA Connect platform, making Tier Certification filings more accessible and searchable, while also enhancing the overall efficiency of reporting and tracking compliance.

### **Category 400 – Travel, Training, and Technology (\$25,000)**

This allocation will support travel across the state to deliver direct, on-site technical assistance and training to rural entities. It also provides resources for professional development opportunities and technology upgrades necessary to maintain program efficiency. By bringing training and assistance directly to underserved regions, the program reduces barriers to participation and compliance.

### **Total Budget – \$1,000,000**

The FY26 budget strategically invests in staffing, professional services, technology, and outreach to ensure that small local public bodies have the tools and support they need to succeed. These investments are designed to increase compliance rates, reduce audit backlogs, and restore access to critical capital outlay funding for communities across New Mexico.

## **Conclusion**

The Small Local Public Assistance Program has established itself as a vital cornerstone of fiscal accountability and capacity-building in New Mexico. In just two years, it has proven that with the right investment and guidance, even the smallest and most resource-limited entities can overcome compliance challenges that have historically left them at a disadvantage. What once stood as barriers to progress —missed reporting deadlines, years of backlog, and restricted access to funding — are now being addressed through direct technical support, tailored professional services, and meaningful engagement with communities.

FY25 underscored the transformative power of this work. More than one hundred entities were brought into compliance, unlocking over \$7.5 million in previously withheld capital outlay funds. These dollars have translated into tangible improvements for communities across the state: acequias improvements and upgrades to critical water infrastructure; land grants protected and stewardship of cultural and natural resources; and municipalities finally able to move forward on long-delayed projects that directly impact residents' quality of life. Each success represents more than a completed report or cleared backlog; it represents strengthened trust between local leaders and state government, and renewed confidence in the ability of small public bodies to manage their financial responsibilities with transparency and accountability.

The program's impact also extended beyond compliance. Through statewide training, outreach sessions, and the first-ever sLPB Forum, the Office of the State Auditor created spaces for education, dialogue, and collective problem-solving. These efforts not only built local knowledge and capacity but also elevated the voices of community leaders in shaping policy reforms. The establishment of the Forum Work Group signals a new era of collaboration, ensuring that the lessons learned on the ground inform the legislative and regulatory changes needed to make compliance simpler, fairer, and more accessible.

Looking ahead, the opportunity is clear. With continued legislative investment, expanded partnerships with IPAs, and sustained engagement with stakeholders, the program can build on its early success to close remaining compliance gaps, modernize reporting frameworks, and ensure that New Mexico's smallest communities are not left behind.

**The Assistance Program is no longer just an initiative to clear backlogs; it has become an investment in equity, resilience, and prosperity, ensuring that every public body, regardless of size or resources, has the tools, training, and support necessary to serve its people effectively and transparently.**

### **Key Takeaways – FY 2025**

- **64 entities received direct financial help** to reach compliance with the Audit Act and Audit Rule.

- **Nearly 80% in direct agency support services** delivered through IPA partnerships and other professional services.
- **Restored funding eligibility**, unlocking critical public resources.
- **17 training and outreach touchpoints** provided by the sLPB assistance program.
- **The first sLPB Forum and Work Group were established**, laying the groundwork for policy reform and sustainable change.
- **Focused outreach** expanded in rural New Mexico.

### **Call to Action**

Sustaining and expanding the sLPB Assistance Program will require ongoing legislative support, stakeholder engagement, and community partnerships. This program is more than a compliance tool. It is an investment in the resilience, prosperity, and equity of New Mexico's smallest communities.

Together, we can ensure that every public body, regardless of size or resources, has the tools, training, and support to serve its people effectively and transparently.

Table 1

FY25 Expenditures Small Local Public Body Assistance Program				
Categories	Expense	Budgeted	Actual	Comments
<b>200</b>	<b>Personnel</b>	<b>\$ 200,000.00</b>	<b>\$200,000.00</b>	
	Salaries	200,000.00	200,000.00	Personnel Costs: Salaries for the Coordinator, two interns, and IT hours
<b>300</b>	<b>Professional Services</b>	<b>793,389.61</b>	<b>778,294.45</b>	
	Accounting & Auditing Services LLC	260,000.00	243,854.63	AUP and Tier Certification reports for 42 agencies
	Baldwin Accounting & Consulting	190,000.00	176,510.42	AUP and Tier Certification reports for 12 agencies
	Beasley Mitchell & Co	169,000.00	168,133.65	AUP and Tier Certification reports for 5 agencies
	Southwest Accounting Solutions	55,846.00	55,846.00	Audit for the Village of Des Moines
	Clifton Larson Allen	59,000.00	20,324.75	sLPB Toolkit
	OSA	113,000.00	113,625.00	FAD conducted AUPs for 3 Agencies
<b>400</b>	<b>Travel/Printing/Technology</b>	<b>6,610.39</b>	<b>6610.39</b>	
	Travel		246.96	Travel for Training
	Technology	6,000.00	6363.43	3 new Laptops
<b>Total</b>		<b><u>\$1,000,000.00</u></b>	<b><u>\$984,904.84</u></b>	
<b>Reversion</b>			<b><u>\$15,095.16</u></b>	

Table 2

FY26 Budget for Small Local Public Body Assistance Program				
Categories	Expense	Budgeted	Actual	Comments
<b>200</b>	<b>Personnel</b>	<b>\$225,000.00</b>	<b>\$-</b>	
	Salaries	225,000.00		Personnel Costs: Salaries for the Coordinator, two interns, and IT hours
<b>300</b>	<b>Professional Services</b>	<b>750,000.00</b>	<b>-</b>	
	RFP Contracts	450,000.00		AUP and Tier Certification reports
	Small Municipalities Audits	150,000.00		5 Small Municipalities Audits
	Audit Prep Services	50,000.00		Procure professional service contracts to assist with agency prep for timelier report delivery.
	OSA Connect enhancements	100,000.00		Enhancements to the database for better reporting and assistance, and making Tier Certification searchable
<b>400</b>	<b>Travel/Training/Technology</b>	<b>25,000.00</b>	<b>-</b>	
	Travel/Training/Technology	25,000.00		Planned travel/Training in various parts of the state/Technology needs
<b>Total</b>		<b><u>\$1,000,000.00</u></b>	<b><u>\$-</u></b>	
<b>Reversion</b>			<b>-</b>	

## Glossary of Terms

### sLPB (Small Local Public Body)

- A category of New Mexico public entities including acequias, land grants, mutual domestic water consumer associations (MDWCAs), soil and water conservation districts (SWCDs), volunteer fire departments, and small municipalities.

### IPA (Independent Public Accountant)

- A licensed accounting professional or firm contracted to perform financial audits, agreed-upon procedures, and certifications for public entities.

### Audit Act

- New Mexico statute that governs audit requirements for public entities, including reporting thresholds and compliance standards.

### Audit Rule

- Administrative rules issued by the State Auditor that provide detailed guidance on implementing the Audit Act.

### AUP (Agreed-Upon Procedures)

- A limited-scope financial review tailored to specific funding or reporting requirements, often used for entities below full audit thresholds.

### Tier Certification

- A compliance designation based on an entity's revenue and expenditure levels, used to determine the appropriate level of financial reporting under the Audit Rule.

### Capital Outlay Funds

- State-appropriated funding for infrastructure and capital projects, often withheld from entities that are out of compliance with audit requirements.

### OSA Connect

- The Office of the State Auditor's online platform for submitting audit-related documents, certifications, and reports.

### SB 511 (Senate Bill 511)

- A proposed legislative reform aimed at simplifying the tiered reporting system under the Audit Act to reduce compliance burdens for small entities.

### sLPB Forum

- A statewide convening hosted by OSA to bring together small public bodies, legislators, and stakeholders to discuss compliance challenges and policy solutions.

### sLPB Forum Work Group

- A collaborative group formed from the Forum to develop policy recommendations for future legislative sessions.

### MDWCA (Mutual Domestic Water Consumer Association)

- A type of small public entity that provides water services to rural communities in New Mexico.

### SWCD (Soil and Water Conservation District)

- Local entities focused on conserving natural resources and promoting sustainable land use practices.