

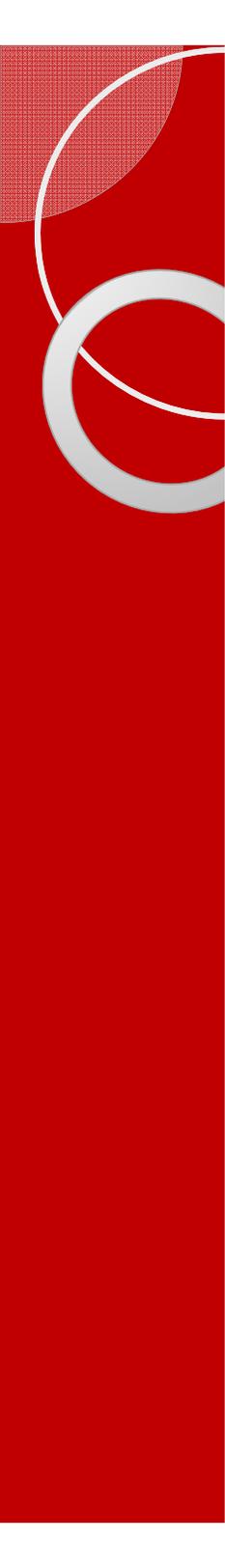


New Requirements and Schedules

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Agenda

- Schedule of Vendors
- Schedule of Findings
- Schedule of Fund Balances
- GASB 77



Schedule of Vendors

- “The agency shall prepare a schedule of vendors using the form and instructions available on OSA’s website, for procurements exceeding \$60,000 (excluding gross receipts tax) that occurred during the fiscal year.”
Section 2.2.2.10(A)(2)(g) NMAC
- Please note per Section 2.2.2.9.B(3) NMAC, OSA Requires the electronic excel version of the file to be submitted.
- New template will be available at our website.



Schedule of Vendors: Why

- Understanding in-state and out-of-state dynamics
- Understanding RFP vs. other means of procurement like sole-source and emergency
- Understanding interagency relationships like cooperative pricing



Information required for Schedule

- RFP/RFB Number
- Type of Procurement (Sole Source, RFP, etc.)
- Dollar amount of awarded contract
- Dollar amount of amended contract
- Name and physical address of ALL vendors that responded
 - Separate row for each responder
 - New column to indicate the winning bidder

Information required for Schedule

- In-State/Out-of-State Vendor based on Statutory Definitions

Existing Business
<ul style="list-style-type: none"><input type="checkbox"/> The business has been in existence for at least three years; and<input type="checkbox"/> The business is licensed to do business in New Mexico; and<input type="checkbox"/> The business has paid property taxes or rent on real property in New Mexico in <i>each</i> of the preceding three years; and<input type="checkbox"/> The business has paid at least one other tax administered by the State of New Mexico in <i>each</i> of the preceding three years.
New Business
<ul style="list-style-type: none"><input type="checkbox"/> The business did not exist as a business in any form and has been in existence for less than three years; and<input type="checkbox"/> The business is currently licensed to do business in New Mexico; and<input type="checkbox"/> The owner or majority of owners of the business have paid property taxes or rent on real property in New Mexico in <i>each</i> of the preceding three years; and<input type="checkbox"/> The owner or majority of owners have paid at least one other tax administered by the State of New Mexico in <i>each</i> of the preceding three years; and<input type="checkbox"/> This business has not applied for a Resident Business Certificate or Resident Contractor Certificate during the preceding three years.
Relocated Business
<ul style="list-style-type: none"><input type="checkbox"/> The business moved at least eighty (80%) percent of its total domestic personnel from another state to New Mexico in the past five years; and<input type="checkbox"/> The business is licensed to do business in New Mexico; and<input type="checkbox"/> Eighty (80%) percent or more of the total personnel of the business in the prior year were residents of New Mexico; and<input type="checkbox"/> The business has leased real property in New Mexico for ten years; or The business has purchased real <u>property in New Mexico valued in excess of \$100,000.</u>



Procurements to Include

- Required for contracts totaling over \$60,000 (excluding gross receipts tax) regardless of whether expenditures exceeded \$60,000 during the fiscal year.
 - Competitive procurements
 - Sole-Source Procurements
 - Emergency Procurements



What not to Include

- Information on Multi-year procurements that occurred in a prior year unless there was a contract amendment in the current fiscal year that caused the previously existing contract to exceed \$60,000 for the first time.
- Procurements that agencies performed based on statewide pricing agreements obtained by GSD or CES.



The Independent Auditor's Report

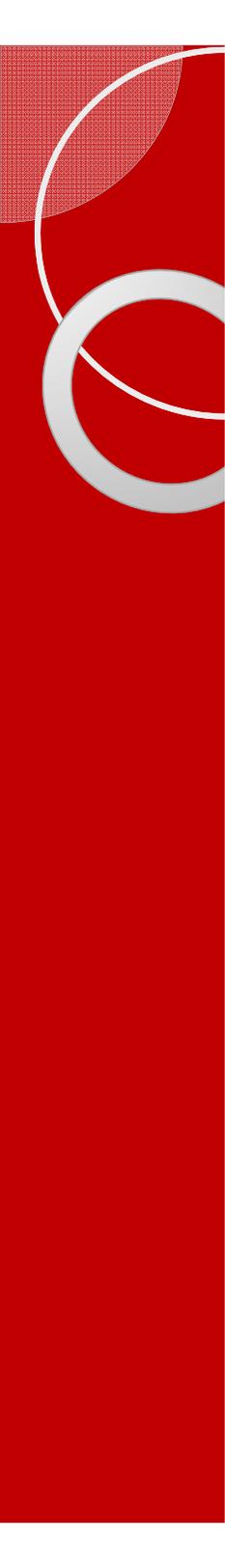
- **The disclaimer of opinion paragraph on Other Information should be applied to the Vendor Schedule required by 2.2.2.10(A)(2)(g) NMAC. (AU-C 720)**

The *Schedule of Vendors* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



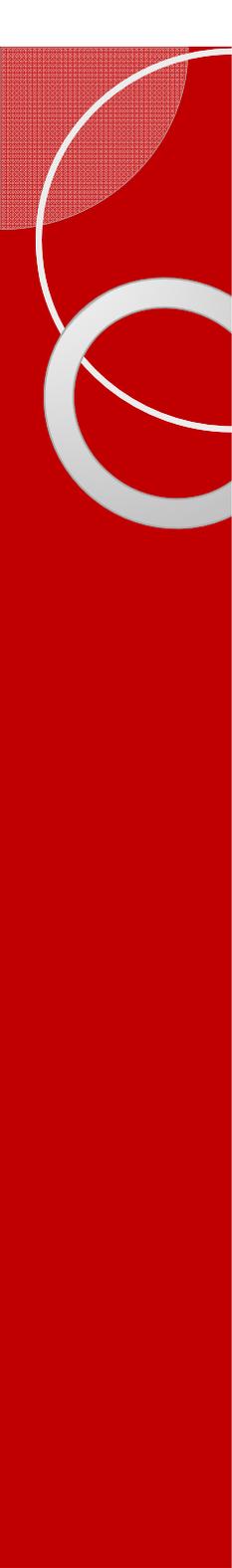
Frequently Asked Questions

- I am in school district A but I make purchases through school district B's contract with vendor X. School district A would not disclose but school district B would if other criteria met.
- Cooperative pricing agreements – not included except to the extent CES is required to disclose.



Frequently Asked Questions

- Purchases from other state or federal agencies – not included.
- We awarded multiple contracts to the same vendor in the same year. Separately each contract is under \$60k but together they exceed \$60k.



Summary of Findings

- Per Section 2.2.2.9(B)(3) NMAC, the electronic excel file for the Summary of Findings is required to be submitted before the report will be released.
- Information required:
 - Agency Number
 - Agency Name
 - Fiscal year of the Audit
 - Agency Classification
 - Financial Statement Opinion
 - Opinion for Major Federal Programs (N/A only if engagement is not a single audit)
 - Finding Number
 - Is the Finding new or a repeat finding
 - Year of origination of the finding
 - Classification of Finding
 - Category of Finding
 - Finding Summary



Summary of Findings: Why

- Understanding statewide trends
- Understanding training needs
- Understanding issues particular to an agency type
- Measuring progress year over year
- IPAs can determine the short description for their own findings



Summary of Findings

- The template is available on OSA's website
- Many of the cells have a drop down box with preset descriptions for your convenience
- For example, Financial Statement Opinion has a drop down menu:
 - Unmodified
 - Qualified
 - Disclaimer
 - Adverse



Tips for Summary of Findings

- Check Spelling
- The Agency Number used should be the number assigned by OSA. This is the same number as you would use to locate the audit report on OSA's website.
- The Opinion for Major Federal Programs applies to all of the findings for the entity regardless of whether the finding is a federal finding.



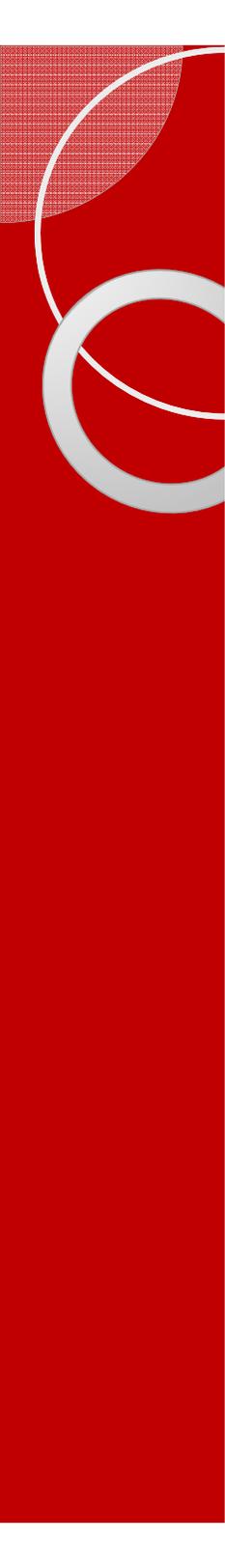
Frequently Asked Questions

- How do we classify a finding in the categories like payroll, budgetary compliance, etc.?
- What about the inconsistencies among IPA practices regarding findings?
- Isn't it unfair to publicize findings when we have no materiality threshold?
- Who is to blame for my agency's findings?

Fund Balance Schedule

- Fund balance data must be submitted electronically.
- The spreadsheet will classify by Fund Type and Fund Balance/Net Position Classification.
- Separate line for each classification within a fund.

Agency Number	Agency Name	Fund Type	Fund Name	Fund SHARE Number	Fund Balance Classification	2015 Balance
218	Administrative Office of the Courts	Special Revenue	Magistrate Court Warrant Enforcement	57500	Committed	\$ 918,700
218	Administrative Office of the Courts	Special Revenue	Magistrate Court Warrant Enforcement	57500	Restricted	\$ 681,165



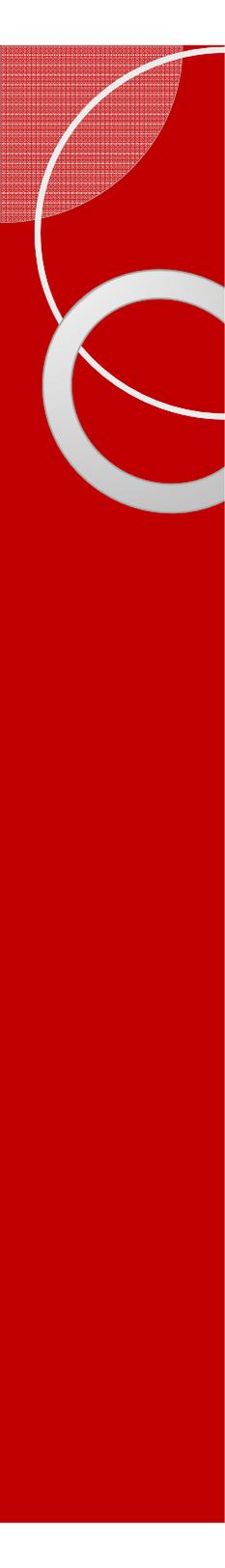
Fund Balance Schedule: Why

- Understanding government finance
- Understanding why funds stagnate
- Ensuring classification is correct
- Identifying opportunities for government to work better



Frequently Asked Questions

- What about component unit fund balances?
- Aren't some fund balances good?
- Who should prepare this?



GASB 77

- Applies to Fiscal Years beginning after 12/15/15 – for most agencies that is FY17
- We are talking about it now because agencies will be entering into agreements covered by GASB 77 starting in June and we want to make sure those agreements facilitate GASB 77 reporting

Tax breaks, tax expenditures

- The legislature creates “tax breaks” to incentivize behaviors
 - *Exemptions*
 - *Deductions*
 - *Credits*
 - *Rebates*
 - *Rate differentials*
- “Tax expenditures” are the costs of certain tax breaks.
- Quantifying tax expenditures gets us one half of the cost-benefit equation... the other half requires quantifying benefits.



Why GASB 77?

- GASB 77 recognized that tax expenditure information “is informative about a government’s economic condition and, therefore, highly relevant to the objectives of financial reporting.”
- “Baby step”



GASB 77 Basics – Note disclosure

- Governments that enter into **tax abatement agreements** must present certain information in the notes to their financial statements.
- “A reduction in tax revenues that results from an **agreement** between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action **after** the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”



GASB 77 Basics

- Agreement – need not be written
- Timing is everything – taxpayer is doing what they're doing in reliance on the tax break
- Industrial Revenue Bonds definitely included
- Incentive packages pitched to companies
- TIDDs?

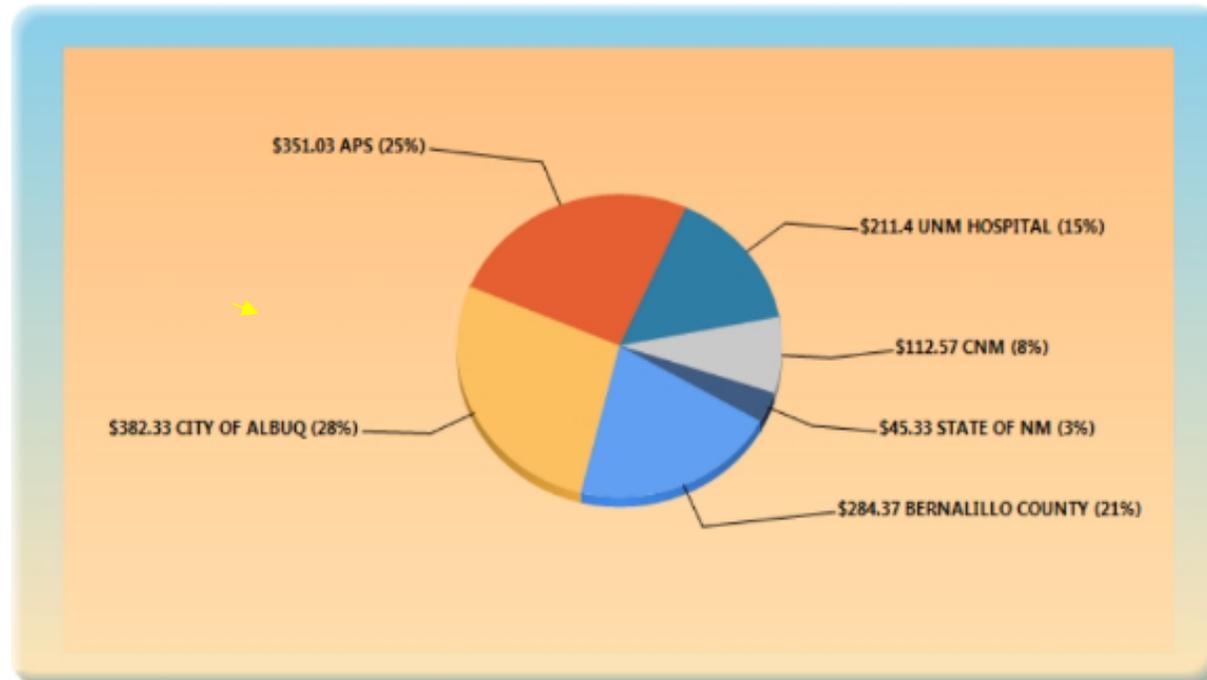


GASB 77 Disclosures

- Brief descriptive information, including:
 - the names of the program(s),
 - the taxes being abated,
 - the authority for the agreement,
 - the eligibility criteria,
 - the mechanism by which taxes are abated
 - any provision for recapturing abated taxes and
 - the commitments made by recipients of the abatement.

GASB 77 Intergovernmental Disclosures

ESTIMATED PROPERTY TAX DISTRIBUTION SCENARIO - \$1,387.03 tax bill



TAXING AUTHORITY	RESIDENTIAL MILL RATE	PERCENT OF TOTAL BUDGET	TAXPAYER PORTION
BERNALILLO COUNTY (21%)	8.531	21%	\$284.37
CITY OF ALBUQ (28%)	11.470	28 %	\$382.33
APS (25%)	10.531	25 %	\$351.03
UNM HOSPITAL (15%)	6.342	15%	\$211.40
CNM (8%)	3.377	8 %	\$112.57
STATE OF NM (3%)	1.36	3 %	\$45.33
	41.611	100%	\$1,387.03



GASB 77 What Should I Do?

- Develop systems for gathering information
- Require private companies to provide information
- Understand intergovernmental relationships applicable to your tax abatement agreements
- Keep an eye out for further guidance
- Make it useful for your agency

Any Questions?

