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**STATE OF NEW MEXICO  
OFFICE OF  
MILITARY BASE  
PLANNING AND SUPPORT**

**FINANCIAL STATEMENTS  
AND INDEPENDENT  
AUDITOR'S REPORT**

**JUNE 30, 2018**

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE  
PLANNING AND SUPPORT**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**OFFICE OF MILITARY BASE PLANNING AND SUPPORT**  
*Official Roster*  
*June 30, 2018*

BOARD OF DIRECTORS

Matthew Geisel	Cabinet Secretary, New Mexico Economic Development Department
John Sanchez	Ex-Officio, Lt. Governor, State of New Mexico
Tom Church	NMDOT
Bill Connor	Las Cruces
Reece Carson	Las Cruces
Jay J. Spivey	Luna County
James Robinson	Santa Teresa
Paul Kienzle	Albuquerque
Joseph M. Dworak	Assistant Attorney General

NEW MEXICO BORDER AUTHORITY

Vacant	Director, New Mexico Border Authority
Marilu Casillas	ASD Director/CFO

## **FINANCIAL SECTION**



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505 338 0800 office [www.riccicpa.com](http://www.riccicpa.com)

## Independent Auditor's Report

To the Board of Directors of  
Office of Military Base Planning and Support  
and  
Mr. Wayne Johnson, New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund of the State of New Mexico Office of Military Base Planning and Support (OMBPS) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the OMBPS' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the OMBPS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OMBPS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the State of New Mexico Office of Military Base Planning and Support as of June 30, 2018, and the respective changes in financial position and respective budgetary comparison of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note 1, the financial statements of OMBPS are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of OMBPS. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2018, and the changes in financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our report is not modified for this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was performed for the purpose of forming opinions on the basic financial statements and the budgetary comparison schedule for the capital project fund presented as supplementary information. The accompanying Schedule of Individual Deposit Accounts is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of Multiple-Year Capital Projects Funded by Special and Severance Tax Capital Outlay Appropriations from the State, and Schedule of Individual Deposit Accounts are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018, on our consideration of the OMBPS' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OMBPS internal control over financial reporting and compliance.

*Ricci & Company LLC*

Albuquerque, New Mexico  
October 30, 2018



**BASIC FINANCIAL STATEMENTS -  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
STATEMENT OF NET POSITION  
June 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Investment in State General Fund Investment Pool	\$ 11,950
<b>Total assets</b>	<u>\$ 11,950</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,198
Due to State General Fund	<u>2</u>
<b>Total liabilities</b>	6,200
<b>NET POSITION</b>	
Unrestricted	<u>5,750</u>
<b>Total net position</b>	<u>5,750</u>
<b>Total liabilities and net position</b>	<u>\$ 11,950</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2018**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Military base planning and support	\$ 226,899
<b>Total expenses</b>	226,899
<b>GENERAL REVENUES AND TRANSFERS</b>	
State General Fund Appropriation	226,900
<b>Total general revenues and transfers</b>	226,900
<b>CHANGE IN NET POSITION</b>	1
<b>Net position, beginning</b>	5,749
<b>Net position, ending</b>	\$ 5,750

The accompanying notes are an integral part of these financial statements

## **FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2018**

	Major Funds		
	General Fund 74800	STB Capital Projects Fund 89200	Total
<b>ASSETS</b>			
Investment in State General Fund Investment Pool	\$ 9,689	2,261	\$ 11,950
<b>Total current assets</b>	<b>\$ 9,689</b>	<b>2,261</b>	<b>\$ 11,950</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,198	-	\$ 6,198
Due to State General Fund	2	-	2
<b>Total liabilities</b>	<b>6,200</b>	<b>-</b>	<b>6,200</b>
<b>FUND BALANCE</b>			
Unassigned	3,489	2,261	5,750
Total fund balance	3,489	2,261	5,750
<b>Total net position</b>	<b>\$ 9,689</b>	<b>2,261</b>	<b>\$ 11,950</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
June 30, 2018**

Total Fund Balance - Governmental Fund  
(Governmental Fund Balance Sheet) \$ 5,750

Amounts reported for governmental activities in the Statement  
of Net Position are different because:

Compensated absences payable are not due and payable in  
the current period and, therefore, are not reported as liabilities  
in the funds -

Net position of governmental activities  
(Statement of Net Position) \$ 5,750

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year ended June 30, 2018**

	Major Funds		
	General Fund 74800	STB Capital Projects Fund 89200	Total
<b>EXPENSES</b>			
Current			
Personal services and benefits	\$ -	-	\$ -
Contractual services	82,846	-	82,846
Other	1,014	200,000	201,014
<b>Total expenditures</b>	<b>\$ 83,860</b>	<b>200,000</b>	<b>283,860</b>
Deficiency of revenue over expenditures	(83,860)	(200,000)	(283,860)
<b>OTHER FINANCING SOURCES (USES)</b>			
State General Fund Appropriations	\$ 226,900	-	226,900
Other financing Sources - STB	-	200,000	200,000
Transfers out - reversions to state general fund FY18	(143,039)	-	(143,039)
<b>Total of other financing sources</b>	<b>83,861</b>	<b>200,000</b>	<b>283,861</b>
Net change in fund balance	1	-	1
Beginning fund balance	3,488	2,261	5,749
Ending fund balance	<b>\$ 3,489</b>	<b>2,261</b>	<b>\$ 5,750</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2018**

Net Changes in Fund Balances - Total Governmental Fund (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ <u>1</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Change in compensated absence balance not recorded in governmental funds	<u>-</u>
Change in net position of governmental activities (Statement of Activities)	\$ <u><u>1</u></u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**OFFICE OF MILITARY BASE PLANNING AND SUPPORT**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUND -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL FUND - FUND 74800 - P765**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General fund appropriation	\$ 226,900	\$ 226,900	\$ 226,900	\$ -
<b>Total current assets</b>	<u>\$ 226,900</u>	<u>\$ 226,900</u>	226,900	<u>\$ -</u>
<b>EXPENDITURES</b>				
Personal services and benefits	\$ 110,700	\$ 110,700	-	\$ 110,700
Contractual services	107,600	107,600	82,846	24,754
Other	<u>8,600</u>	<u>8,600</u>	<u>1,014</u>	<u>7,586</u>
<b>Total expenditures</b>	<u>\$ 226,900</u>	<u>\$ 226,900</u>	<u>83,860</u>	<u>\$ 143,040</u>
Excess revenue over expenditures			143,040	
Reversions			<u>(143,040)</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**NOTES TO FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. DEFINITION OF REPORTING ENTITY**

The reporting entity is Office of Military Base Planning and Support (OMBPS). OMBPS' mission is to provide advice to the governor on New Mexico's four military installations, to work with community support groups, to ensure that state initiatives are complementary of community actions, and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations. OMBPS was created by the Laws of 2006, Section 9-15-46 and began operations on July 1, 2007. It will operate according to the provisions of 9-15-48 through 9-15-51 until July 1, 2022.

OMBPS is a component unit of the State of New Mexico in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and 39. OMBPS is a governmental entity because it was established by statute; its relationship with other governmental entities; the governmental make-up of OMBPS' governing board; sources of tax revenue; and its ability to issue tax-exempt debt.

The financial reporting entity as defined by GASB No. 14/39/61 consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government." OMBPS did not have any component units at June 30, 2018.

**Office of the Military Base Planning and Support**

OMBPS is, by statute, administratively attached to the Economic Development Department (EDD). The Chief Executive of OMBPS is the Director and these financial statements include all funds and activities over which OMBPS' Director has oversight responsibility. The Director has decision-making authority, power to designate management, responsibility to significantly influence operations and primary accountability for fiscal matters. The Director is empowered to organize OMBPS and its divisions and may transfer or merge functions between divisions in the interest of efficiency and economy. The EDD provides administrative services to the Office and the Military Base Planning Commission through the Administrative Services Division.

**Military Base Planning Commission**

The Military Base Planning Commission consists of twelve members, eleven of whom are appointed by the governor with the advice and consent of the senate. The Commission shall include the Lieutenant Governor and nine appropriate representatives from the counties, or adjoining counties, in which military bases are located. Two additional members shall be appointed at large from other counties. The Governor shall appoint a chair from among the members of the Commission. The Commission shall meet at the call of the chair and meet not less than quarterly. Members of the Commission shall not be paid but shall receive per diem and mileage expenses as provided in the Per Diem and Mileage Act. Notwithstanding the provisions of the Open Meetings Act, meetings of the Commission shall be closed to the public when proprietary alternative New Mexico military base realignment or closure strategies or any information regarding relocation of military units is discussed.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1. DEFINITION OF REPORTING ENTITY (CONTINUED)**

**Administrative Services Division**

The Director of the Administrative Services Division of the Economic Development Department is responsible to the Executive Director to provide administrative support to all divisions and top-level managers. This division is responsible for the data processing, financial systems, budget, accounting, purchasing, personnel, financial reporting and federal grant functions of OMBPS.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Principles of Accounting**

The financial statements for OMBPS have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

**C. Financial Reporting Entity**

OMBPS is a component unit of the Executive Branch of the State of New Mexico and is legally separate and fiscally independent of other State agencies, has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. OMBPS is not included in any other governmental “reporting entity” as defined in Section 2100, “Codification of Governmental Accounting and Financial Reporting Standards.” Other Executive Branch entities of government are excluded because they are established separately by statutes. OMBPS does not have component units.

OMBPS is responsible for the fair presentation of the accompanying financial statements in conformity with generally accepted accounting principles. OMBPS has prepared required supplementary information titled Management's Discussion and Analysis (MD&A), which precedes the basic financial statements. OMBPS' significant accounting policies are described below.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on OMBPS as a whole) and fund financial statements. The reporting model focus is on either OMBPS as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources measurement focus basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The net position of the OMBPS consist of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the residual is net position. Any interfund activity is eliminated in preparation of the government-wide financial statements.

The government-wide Statement of Activities reflects both the gross and net costs that are being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation, if any) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The primary function of OMBPS is to employ, under the authorization of the governor's homeland security advisor, the staff necessary to carry out the work of the Office of Military Base Planning and Support and the Military Base Planning Commission.

Non-exchange transactions, in which OMBPS gives (or receives) value without directly receiving (or giving) equal value in exchange, include severance tax bond proceeds, grants and appropriations. On an accrual basis, revenue from severance tax bond proceeds, if any, is recognized when the underlying transaction has occurred. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The net cost (by function) is normally covered by general revenues (appropriations, taxes, intergovernmental revenues, interest income, etc.). OMBPS does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of OMBPS as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis is on the major funds. An entity's general fund is always considered a major fund. Both of OMBPS' funds are classified as major in the accompanying fund statements.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Government-Wide and Fund Financial Statements (continued)**

compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how OMBPS' actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental column on the governmental-wide presentation.

OMBPS does not have any fiduciary funds. By definition, assets in a fiduciary fund are held for the benefit of a third party and cannot be used to address activities or obligations of the government. These funds would not be incorporated into the government-wide statements.

The operations of OMBPS are reported in a single program - Military Base Planning and Support.

**E. Measurement Focus and Basis of Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental entities (US GAAP). The significant accounting policies are summarized in Note 1 and include accounting standards adopted in recent years as detailed below.

The OMBPS implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*" which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate. It further eliminates the election for proprietary fund and business type reporting entities to apply certain Financial Accounting Standards guidance after November 30, 1989.

The OMBPS implemented Governmental Accounting Standards Board Statement No. 72 "Fair Value Measurements and Application" (GASB 72), which requires certain assets and liabilities to be measured at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement is effective for periods beginning after June 15, 2015. There were no assets or liabilities measured at fair value to disclosure for the year ended June 30, 2018.

**F. Basis of Presentation – Fund Accounting**

The financial transactions of OMBPS are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Basis of Presentation – Fund Accounting (continued)**

GASB No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined.

The following funds are reported in the financial statements. OMBPS has determined that all of the following are major funds:

**General Fund** - The General Fund (Statewide Human Resource, Accounting and Management Reporting System (SHARE) Fund 74800) is the general operating fund of OMBPS and is used to account for all financial resources except those to be accounted for in another fund. The General Fund is funded primarily through appropriations from the State of New Mexico General Fund. The General Fund is a reverting fund.

**Severance Tax Bond Capital Projects Fund** – Fund was established to track capital projects funded by Severance Tax Bonds. Unspent funds will revert upon individual project completion (SHARE Fund 89200).

As a general fund rule, interfund transfers are eliminated in the government-wide financial statements except for receivables between government and business-type funds. The OMBPS eliminated all interfund transactions for the current fiscal year.

**G. Accrual Basis**

The accrual basis of accounting is utilized by the governmental activities in the government-wide financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**H. Modified Accrual**

On the fund level financial statements, the governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. OMBPS considers funds available if received within 60 days after year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities at the government-wide level only. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Budgets and Budgetary Accounting**

The State Legislature makes annual appropriations to OMBPS. Legal compliance is monitored through the establishment of an annual budget. Annual budgets are adopted each fiscal year for the General Fund. Expenditures may not legally exceed appropriations at the appropriation program level expenditure classification level. Adjustments to the budget require approval by the State's Financial Control Division of the New Mexico Department of Finance & Administration (DFA). The budgets presented have been adjusted during the fiscal year.

Per the General Appropriation Act, Laws of 2008, 28, Section 3, Subsection O, the budgetary basis is modified accrual. However, there is a statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget.

Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The legal level of budgetary control is at the appropriation program level.

OMBPS follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than September 1, OMBPS submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance & Administration (DFA), an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings is incorporated into the State's General Appropriation Act.
- The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
- Not later than May 1, OMBPS submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the operating budget, which becomes effective on July 1.



**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Budgets and Budgetary Accounting (Continued)**

- Format budgetary integration is employed as a management control device during the fiscal year for the General Fund.

**J. Cash and Investments in State General Fund Investment Pool**

Investments held by the State Treasurer's Office consist of required deposits made to the State Treasurer's Office. The State Treasurer's Office monitors the accounts and the State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits. The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance.

It is OMBPS' position that all deposits at the State Treasurer's Office are reported at carrying value, which reasonably estimates fair value.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer's State General Fund Investment Pool, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2018.

**K. Interest Rate Risk**

The New Mexico State Treasurer's Office has an investment policy that limits investments maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

**L. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State General Fund Investment Pool is not rated for credit risk.

OMBPS has deposits, as defined in the Schedule of Individual Deposit Accounts, of \$154,989 with the Office of the State Treasurer in the State General Fund Investment Pool.

For a detailed listing of all OMBPS bank accounts and State Treasurer SHARE accounts, see the Schedule referred to above on page 28.

Detail of pledge collateral specific to the OMBPS is unavailable because the bank comingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Capital Assets**

Capital assets are recorded as expenditures in the government funds and capitalized at cost in the government-wide statements. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost is based on replacement. Items purchased or acquired with an original cost of \$5,000 or more are capitalized and reported at cost or estimated historical cost, per Section 12-6-10 NMSA 1978. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are also capitalized. Costs for repairs and maintenance are expensed as incurred.

Depreciation on assets is provided on a straight-line basis with no salvage value over the following estimated useful lives:

Data Processing Equipment	5 years
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During fiscal year 2018, OMBPS did not have any capitalized assets or current capital outlay expenditures.

**N. Due to State General Fund/Reversions**

Reversions to the State General Fund by the OMBPS are based on the definitions of both reverting and non-reverting funds. Reversions are calculated by applying the percentage of reverting fund (to total budget for the category) to the amount unexpended for the category at fiscal year-end.

**O. Reverting Funds**

Reverting funds are all funds that are not identified by law as non-reverting. Such funds are in excess of budgeted expenditures and budget and actual revenues.

**P. Revenue Recognition**

Revenue is recognized from grants or other sources when all eligibility requirements have been met including allowable expenditures. Amounts received from federal grants prior to expenditures occurring or amounts identified as accounts receivable that have not been received within 60 days of the end of the fiscal year are accounted for as unearned revenue or as deferred inflows depending on eligibility criteria in the fund financial statements. Unavailable amounts under the modified accrual basis are reported as deferred inflows. No federal funds were available to OMBPS in FY 2018.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Compensated Absences**

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 80 to 160 hours per year, depending upon length of service and employees hire date. A maximum of 30 working days (240 hours) of such accumulated annual leave may be carried forward into the beginning of the calendar year and any excess leave is lost.

When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours. Accumulated annual leave is not expected to be liquidated with expendable available financial resources and is reported in the general long-term debt group.

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave that an employee may accumulate. Once per fiscal year in either January or July, employees may elect to be paid up to 50% of accrued sick leave in excess of 600 up to 720 hours, but not to exceed 120 hours (net 60 hours can be paid). In the case of retiring employees, up to 200 net hours in excess of 600 hour minimum limit can be paid. All sick leave balances from 600 to 720 hours have been recorded at 50% of the employee's current hourly rate in the general long-term debt account group, including those amounts paid in July because no expendable financial resources are available as of the balance sheet date to liquidate the liability.

**R. Fund Balances and Net Position**

The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

*Unrestricted Assets* represent unrestricted liquid assets.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive Branches of the State.

Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or, in some cases, by legislation. See Note 11 for additional information about fund balances. OMBPS has no restricted funds at June 30, 2018. There are no amounts restricted by enabling legislation at June 30, 2018.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Fund Balances and Net Position (continued)**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is OMBPS' policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is OMBPS' policy to spend committed resources first.

Deferred outflows of resources consumed and deferred inflows of resources received and available are elements of the Statement of Net Position for reporting the residual balances. There were no deferred outflows or inflows of resources to separately report at June 30, 2018.

**S. Severance Tax Bond Proceeds**

Severance tax bond proceeds were allocated by the State Legislature to OMBPS to administer disbursements to the project recipients and for other purposes, and OMBPS is not obligated in any manner for the related indebtedness. OMBPS recognizes severance tax bond proceeds as revenue when draw requests are issued for reimbursement from severance tax bond proceeds of project expenditures made by OMBPS. All other eligibility requirements associated with bond proceeds must also be satisfied. Furthermore, the capital assets associated with the project funded by the severance tax bonds are excluded from OMBPS' capital assets list, upon project completion. OMBPS does not retain titles to these assets, but rather passes them through to the beneficiaries, other New Mexico State agencies, local governments, etc. of these projects. During 2018, there was no activity in the Major Capital Projects Fund (Fund 89200).

**T. GASB 68 Implementation**

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico (the State) has implemented the standard for the fiscal year ending June 30, 2018.

The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, total pension liability exceeds plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3. INVESTMENT IN STATE GENERAL FUND INVESTMENT POOL**

Compliant with Statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

OMBPS reconciles its deposits, vouchers and other general ledger activity with the DFA to SHARE on a periodic basis to ensure proper posting.

Investment balances at June 30, 2018, consisted of the following:

Deposits with State Treasurer – governmental activities	\$ 11,950
Due to State Treasurer General Fund Investment Pool	<u>-</u>
	<u>\$ 11,950</u>

**NOTE 4. DUE TO/FROM OTHER STATE AGENCIES**

Due to/Due from OMBPS Fund	Purpose	Affiliate Name	Affiliate Business Unit	Affiliate Fund	Due From	Due To
74800	Reversion of State General Fund Appropriation	Dept. of Finance & Administration	34100	85301	\$ -	\$ 2
Total					<u>\$ -</u>	<u>\$ 2</u>

**NOTE 5. OTHER FINANCING SOURCES (USES)**

<u>Fund</u>	<u>Agency</u>	<u>Affiliate Fund</u>	<u>Transfers In/Out</u>
74800 State General Fund appropriation	34101	85300	<u>\$ 226,900</u>
74800 State General Fund Reversion	34101	85300	<u>\$ (143,040)</u>

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6. PENSION PLAN (PUBLIC EMPLOYEES RETIREMENT ASSOCIATION)**

**A. Plan Description**

The Office as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

OMBPS's all employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

GASB 68 - Financial Reporting and Disclosure for multiple employer Cost Sharing Pensions Plans by Employers: Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2016. The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6. PENSION PLAN (PUBLIC EMPLOYEES RETIREMENT ASSOCIATION)  
(CONTINUED)**

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**B. Funding Policy**

Plan members are required to contribute 8.92% of their gross salary. OMBPS is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and OMBPS are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. OMBPS' contributions to PERA for the fiscal years ending June 30, 2018, 2017 and 2016 were \$0, \$13,572 and \$14,941,

**NOTE 7. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

**A. Plan Description**

The Department as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

OMBPS contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The NMRHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 7. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the NMRHCA plan on the person’s behalf unless that person retires before the employer’s NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

NMRHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**B. Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer’s NMRHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.000% of each participating employee’s annual salary; each participating employee was required to contribute 1.000% of their salary.

For employees who are not members of an enhanced retirement plan, the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 2017	2.000%	1.000%

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the NMRHCA based on one of two formulas at agreed-upon intervals.

The NMRHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the NMRHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

OMBPS’ contributions to the NMRHCA for the years ended June 30, 2018, 2017 and 2016, were \$0, \$1,598, and \$1,759, respectively, which equal the required contributions for each year.



**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 8. RISK MANAGEMENT**

OMBPS as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico’s property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

In the case of civil actions or claims against OMBPS for financial damages, OMBPS’ certificate of insurance with Risk Management does not cover claims for back wages, but does cover civil rights claims for other compensatory damages.

OMBPS had no significant reductions in insurance coverage from prior year. In the fiscal years ended June 30, 2018, 2017 and 2016, there were no settlements that exceeded insurance coverage.

**NOTE 9. FUND BALANCE CLASSIFICATIONS**

A summary of the nature and purpose of fund balances by fund type at June 30, 2018, is as follows:

	General Fund	Major Capital Project Funds
Fund balances:		
Unassigned	\$ 3,489	2,261
Total fund balances	<u>\$ 3,489</u>	<u>2,261</u>

**NOTE 10. RECENT PRONOUNCEMENTS**

In August 2018, the GASB issued Statement No. 90, *Majority Interests in an amendment of GASB Statements No. 14 and No. 6*. The requirements of this statement are effective for periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. This statement is not applicable to the Office of Military Base Planning and Support.

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10. RECENT PRONOUNCEMENTS (CONTINUED)**

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This standard will be implemented in a subsequent period.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This standard will be implemented in a subsequent period.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. This statement is not applicable to the Office of Military Base Planning and Support.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Office of Military Base Planning and Support has implemented this standard accordingly in the current year.

**NOTE 11. SUBSEQUENT EVENTS**

The Department has evaluated subsequent events through October 30, 2018, which is the date the financial statements were available to be issued and concluded that no additional disclosures are required.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
MULTIPLE-YEAR CAPITAL PROJECTS FUNDED BY SPECIAL  
AND SEVERANCE TAX CAPITAL OUTLAY APPROPRIATIONS FROM THE STATE  
Year Ended June 30, 2018**

<u>Project Description</u>	<u>Expiration</u>	<u>Amount Appropriated</u>	<u>Current Year Expenditures</u>	<u>Current Year Reversions</u>	<u>Prior Year Incurred Balance</u>	<u>Receivable Balance as of June 30, 2018</u>	<u>Remaining Appropriation</u>
<u>Severance Tax Bond Proceeds</u>							
Cannon Air Force Base Land	6/30/2019	\$ 5,000,000	\$ 199,701	\$ - *	\$ 4,196,638	\$ -	\$ 603,661
Total Severance Tax Bonds		\$ 5,000,000	\$ 199,701	\$ -	\$ 4,196,638	\$ -	\$ 603,661

\* During 2017, there were no expenditures related to STB bonds.

**STATE OF NEW MEXICO**  
**OFFICE OF MILITARY BASE PLANNING AND SUPPORT**  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS**  
**June 30, 2018**

<u>Fund Name</u>	<u>Fund Number</u>	<u>Fund Type</u>	<u>Depository</u>	<u>Balance per Bank</u>
Cash with State General Fund (with SHARE fund numbers):				
General Fund	74800	Operating	State Treasury	\$ 9,689
STB Capital Project Fund	89200	Capital project	State Treasury	<u>2,261</u>
Total cash with State General Fund Investment Pool				<u>\$ 11,950</u>

**COMPLIANCE SECTION**



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**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

To the Board of Directors of  
Office of Military Base Planning and Support  
and  
Mr. Wayne Johnson, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund, of Office of Military Base Planning (OMBPS) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the OMBPS' basic financial statements and have issued our report thereon dated October 30, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the OMBPS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the OMBPS' internal control. Accordingly, we do not express an opinion on the effectiveness of the OMBPS' internal control.

*A deficiency in internal control* 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, and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the OMBPS' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OMBPS' 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 no instance of noncompliance on other matters that are required to be reported pursuant to *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OMBPS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OMBPS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ricci & Company LLC*

Albuquerque, New Mexico  
October 30, 2018



**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2018**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued                                               | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?                                               | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | No         |
| c. Noncompliance material to the financial statements?                           | No         |

**B. COMPLIANCE AND OTHER MATTERS**

Noncompliance material to the financial statements noted?	No
-----------------------------------------------------------	----

**C. STATUS OF PRIOR YEAR FINDINGS**

None

**D. CURRENT YEAR FINDINGS**

**Financial Statement Findings Required by *Government Auditing Standards***

None

**State Audit Rule Compliance Findings – Other**

None

**STATE OF NEW MEXICO  
OFFICE OF MILITARY BASE PLANNING AND SUPPORT  
EXIT CONFERENCE  
June 30, 2018**

**A. EXIT CONFERENCE**

An exit conference was held with management on October 31, 2018, at the OMBPS' offices in Santa Fe, New Mexico. In attendance were:

Representing Office of Military Base Planning and Support:

Marilyn Casillas	ASD Director/CFO
Chris Romero	Chief Purchasing Officer
Mary Armijo	Accountant
Ramona Gonzales	Business Operations
David Mathews	General Counsel

Representing Ricci & Company, the Independent Auditor:

Michael Easley, CPA – Audit Supervisor

**B. AUDITOR PREPARED FINANCIAL STATEMENTS**

The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the OMBPS' management. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are correct and in balance. Management has reviewed and approved the financial statements.