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**State of New Mexico**  
**Component Appropriation Funds**

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*Annual Financial Report  
and  
Independent Auditors' Report  
June 30, 2012*

**REDW**<sup>LLC</sup>  
CPAs | Business & Financial Advisors

# State of New Mexico

## Component Appropriation Funds

### Table of Contents

	<u>Page</u>		
<b>Official Roster</b>	1		
<b>Independent Auditors' Report</b>	2-4		
<b>Management's Discussion and Analysis (Unaudited)</b>	5-12		
<b>Basic Financial Statements</b>			
Balance Sheets	13		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <u>Statutorily Created Funds</u> <ul style="list-style-type: none"> <li>• Common School Current Fund</li> <li>• Current School Fund</li> <li>• State Support Reserve Fund</li> <li>• Tobacco Settlement Permanent Fund</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <u>Administratively Created Funds</u> <ul style="list-style-type: none"> <li>• Appropriation Account Fund</li> <li>• Federal Mineral Leasing Fund</li> <li>• Appropriation Contingency Reserve Fund</li> <li>• General Operating Reserve Fund</li> <li>• Tax Stabilization Reserve Funds</li> </ul> </td> </tr> </table>	<u>Statutorily Created Funds</u> <ul style="list-style-type: none"> <li>• Common School Current Fund</li> <li>• Current School Fund</li> <li>• State Support Reserve Fund</li> <li>• Tobacco Settlement Permanent Fund</li> </ul>	<u>Administratively Created Funds</u> <ul style="list-style-type: none"> <li>• Appropriation Account Fund</li> <li>• Federal Mineral Leasing Fund</li> <li>• Appropriation Contingency Reserve Fund</li> <li>• General Operating Reserve Fund</li> <li>• Tax Stabilization Reserve Funds</li> </ul>	
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Statements of Revenues, Expenditures and Changes in Fund Balances	14		
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<b>Notes to the Financial Statements</b>	15-26		
<b>Supplementary Information</b>			
Schedule of Revenue by Source	27		
Schedule of Appropriations	28-30		
Schedule of Amounts Due From Other State Entities	31-34		

**State of New Mexico**  
**Component Appropriation Funds**

**Table of Contents — continued**

	<b><u>Page</u></b>
Supplementary Information — continued	
Schedule of Amounts Due from Tax Payers	35
Schedule of Amounts Due to Other State Entities	36
Schedule of Amounts Due to Local Governments	37
Schedule of Amounts Due to Taxpayers	38
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	39-40
Schedule of Audit Findings and Responses	41-42
Schedule of Prior Year Audit Findings	43
Exit Conference	44

**State of New Mexico  
Component Appropriation Funds**

**Official Roster  
June 30, 2012**

**Elected Official**

Governor Susana Martinez

**Officials**

Department of Finance and Administration:

Cabinet Secretary

Thomas E. Clifford, Ph.D.

State Controller

Ricky Bejarano, CPA

Deputy Division Director, Financial Control Division

Steve Gonzales

## Independent Auditors' Report

Mr. Thomas E. Clifford, Ph.D., Cabinet Secretary Designate  
State of New Mexico  
Department of Finance and Administration  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of each of the statutorily and administratively created funds that comprise the Component Appropriation Funds of the State of New Mexico as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1A, the accompanying financial statements present only the Component Appropriation Funds and do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2012, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the statutorily and administratively created funds that comprise the Component Appropriation Funds as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed on Note 6, the accompanying financial statements of the General Operating Reserve fund report a \$70 million allowance for potential loss, with a corresponding provision, based on management's estimate of the minimum effect of an ongoing project to reconcile the State General Fund Investment Pool managed by the State Treasurer's Office with the corresponding claim on the Pool's assets reported by various State agencies. To the extent differences resulting from this project are not allocated to the various State agencies, they will be recorded in the General Operating Reserve Fund. Our opinion on the financial statements of the General Operating Reserve Fund is not modified with respect to this matter; although, as the reconciliation project continues, management's estimate of its effect may change in the near term.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the Component Appropriation Funds' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 5 through 12 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Component Appropriation Funds' financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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 them.

REDW LLC

Albuquerque, New Mexico  
December 17, 2012

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Overview of the Reporting Entity**

The Component Appropriation Funds (the Funds) consist of nine funds of the State of New Mexico, four of which are created by statute and five created by management, as follows:

Statutorily Created Funds

- Common School Current Fund
- Current School Fund
- State Support Reserve Fund
- Tobacco Settlement Permanent Fund

Administratively Created Funds

- Appropriation Account Fund
- Federal Mineral Leasing Fund
- Appropriation Contingency Reserve Fund
- General Operating Reserve Fund
- Tax Stabilization Reserve Fund

The Funds are part of the general fund of the State of New Mexico, as reported in the State's Comprehensive Annual Financial Report.

This report has been prepared to meet the information needs of interested parties—the public, bond holders, bond rating agencies, the New Mexico State Legislature—and to comply with the State of New Mexico Audit Act. It presents the financial position and results of operations of each the Funds, with summary “memorandum only” totals.

In previous years, reports were prepared that presented the aggregate total of the Funds as a “general fund” in the basic financial statements, with financial statements of the individual funds presented as supplementary information. Previous years' reports also included an “entity-wide” statements of net assets and statements of activities using the full accrual basis of accounting. The accompanying report present substantially the same information by reporting each of the individual funds in the basic financial statements, with aggregate totals reported as “memorandum only.”

**Financial Highlights**

The Funds ended the year with aggregate reserves of 13.1% of recurring current year appropriations as compared to 9.7% in fiscal year 2011.



**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

The aggregate fund balance of the Funds increased by \$208.2 million in fiscal year 2012, it increased by \$226.7 million in fiscal year 2011, and it decreased by \$110.7 million in fiscal year 2010. The increase in 2012 is attributable to revenues increasing by 6.2% and appropriations increasing by 5.2% compared with the previous year.

As of June 30, 2012, the General Fund Operating Reserve Fund reports a contingent liability of \$70 million and a corresponding provision for potential loss, related to the General Fund Investment Pool maintained by the New Mexico State Treasurer's office. Management considers this necessary because the General Fund Operating Reserve Fund is expected to absorb adjustments not allocable to other State agencies that may result from a reconciliation process currently underway, as described in Note 6 to the financial statements.

Fiscal year 2012 compares to fiscal year 2011 as follows:

- General and selective taxes are the largest revenue sources, contributing 42% of total aggregate revenues in fiscal year 2012. Those revenues increased by \$95.5 million or 4.1%. From the general and selective taxes, gross receipts tax had an increase of \$106.0 million or 5.8%. Income taxes the second largest revenue source contributed 24% of the total revenues. Those revenues increased by \$104.7 million or 7.9%. Personal income tax rose by \$87.1 million and corporate income tax rose by \$51.2 million or 22.3%. Part of the growth in corporate income tax is that film credits payments were well below the forecast in fiscal year 2012.
- Rents and royalties increased by \$117.7 or 24.7%. Federal royalties and state land bonuses were larger than expected, resulting from increased oil prices and volumes. Land office income increased by \$26.8 million or 41.0% and federal mineral leasing increased by \$90.8 million or 22.0%.
- Appropriations increased by \$276.0 million or 5.2% from June 30, 2011. Health and human services increased by 25.4% while higher education decreased by 6.5%. The state continues curbing spending to position itself to ride out the current economic conditions.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Component Appropriation Funds use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Component Appropriation Funds are categorized as governmental funds and therefore report using the modified accrual basis of accounting. The basic financial statements of the Funds include balance sheets and statements of statements of revenues,

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

expenditures and changes in fund balances, which are reported on pages 13 and 14, respectively.

The Component Appropriation Funds do not adopt annual appropriated budgets. However, the appropriations of the Component Appropriation Funds by law must equal the individual amounts appropriated in the various Appropriation Acts.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 15 through 26 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report presents, as supplementary information, the Schedule of Revenues by Source and the Schedule of Appropriations. These schedules provide detail information on revenues and appropriations to demonstrate legal compliance with the statutes governing the collection of revenue and disbursements of appropriations by the Component Appropriation Funds.

Also presented as supplementary information are the following:

- Schedule of Amounts Due from Other State Entities
- Schedule of Amounts Due from Tax Payers
- Schedule of Amounts Due to Other State Entities
- Schedule of Amounts Due To Local Governments
- Schedule of Amounts Due to Taxpayers

**Fund Financial Analysis**

The focus of the financial statements of the Funds is on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

particular, unassigned fund balance may serve as a useful measure financial position and net resources available for spending.

As of the end of the current fiscal year, the Funds reported aggregate fund balance of \$712.9 million, an increase of \$208.2 million. Aggregate assets, liabilities and fund balance compare with the previous fiscal year end, as follows:

**Aggregate Assets, Liabilities and Fund Balance**  
**June 30,**  
*(in millions of dollars)*

	<b>2012</b>	2011	
Assets	<b>\$ 1,448.1</b>	\$ 1,192.3	
Liabilities	<b>(735.2)</b>	(687.6)	
Fund balance	<b>\$ 712.9</b>	\$ 504.7	

The assets held by the Component Appropriation Funds are unappropriated and are not restricted with the exception to the Tobacco Settlement Permanent Fund which is restricted.

It has been the policy of the State of New Mexico to not consider the revenue that is deferred under the modified accrual basis of accounting, \$ 23.1 million, to be available for appropriation.

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

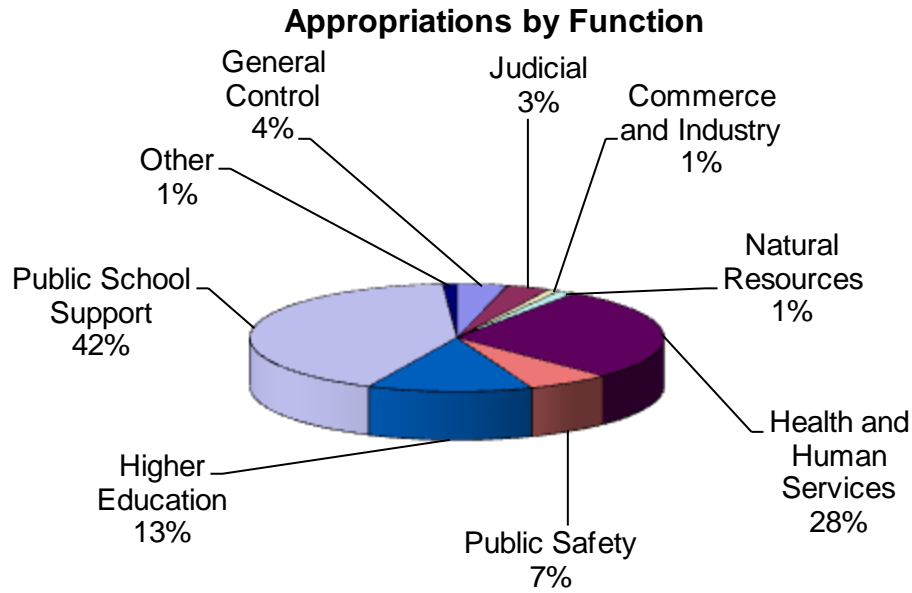
**Aggregate Change in Fund Balances**  
**Year Ended June 30,**  
*(in millions of dollars)*

	<b>2012</b>	2011	Increase (Decrease)
<b>Revenues</b>			
General and selective taxes	\$ 2,428.0	\$ 2,332.5	\$ 95.5
Income taxes	1,431.5	1,326.8	104.7
Severance taxes	456.4	423.8	32.6
License fees	49.6	49.8	(0.2)
Investment income	662.8	665.2	(2.4)
Rents and royalties	595.1	477.4	117.7
Miscellaneous receipts	224.0	230.6	(6.6)
Total revenues	<u>5,847.4</u>	<u>5,506.1</u>	<u>341.3</u>
<b>Expenditures</b>			
Appropriations			
General control	219.2	216.0	3.2
Legislative	26.6	27.0	(0.4)
Judicial	191.9	194.8	(2.9)
Commerce and industry	51.1	50.8	0.3
Natural resources	74.1	91.1	(17.0)
Health and human services	1,562.4	1,246.2	316.2
Public safety	364.4	370.1	(5.7)
Higher education	716.9	766.8	(49.9)
Public school support	2,338.4	2,309.7	28.7
Other education	35.6	32.1	3.5
Total appropriations	<u>5,580.6</u>	<u>5,304.6</u>	<u>276.0</u>
Interest expense	-	0.6	(0.6)
Issuance costs	-	0.2	(0.2)
Total expenditures	<u>-</u>	<u>0.8</u>	<u>(0.8)</u>
	<u>5,580.6</u>	<u>5,305.4</u>	<u>275.2</u>
Excess of revenues over appropriations and expenditures	<u>266.8</u>	<u>200.7</u>	<u>66.1</u>
<b>Other Financing Sources</b>			
Transfers In	11.4	26.1	(14.7)
Total other financing sources	<u>11.4</u>	<u>26.1</u>	<u>(14.7)</u>
Special item (Note 6)	(70.0)	-	(70.0)
Net change in fund balance	208.2	226.8	(18.6)
Fund balance - beginning	504.7	277.9	226.8
Fund balance - ending	<u>\$ 712.9</u>	<u>\$ 504.7</u>	<u>\$ 208.2</u>

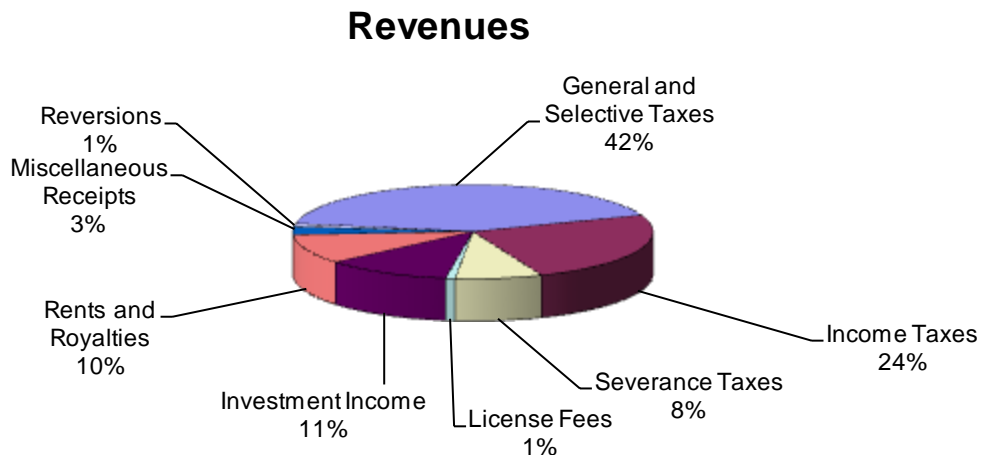
**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

The Funds' aggregate fund balances increased by \$208.2 million in fiscal year 2012, compared to a \$226.8 million increase in 2011. In fiscal year 2012, overall, revenues increased 6.2% compared to 2011, while appropriations increased 5.2%.

***Appropriations by Function***



***Aggregate Revenues***



**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Economic Factors**

Trends in the U.S. Economy

U.S. gross domestic product grew by just 1.8% during FY12. Decreasing government spending is one factor holding down growth, export demand is slowing, and although housing demand has begun to recover, consumers were reluctant to spend given the stubbornly high unemployment rate. U.S. inflation remains subdued. Although this enables the Federal Reserve to pursue monetary expansion to support growth, it also means the state has had subdued growth in its “top line” revenues like the Gross Receipts Tax (GRT). The U.S. budget deficit will exceed \$1 trillion in federal fiscal year 2012, the fourth straight year the deficit has topped \$1 trillion. Impending budget cuts to address these shortfalls are likely to hit New Mexico harder than many other states because of the state’s extensive reliance on federal government expenditures.

General Fund Revenue Outlook

Total recurring growth is projected to fall 1.0% in FY13, but increase to 4.1% in FY14. The FY13 decline is largely attributable to anticipated reductions in mineral-related revenues resulting from low natural gas prices and forecast weakness in oil prices. Relatively weak Gross Domestic Product (GDP) growth and sluggish job growth will limit growth in GRT revenues. Although the mining sector has rebounded strongly in the last two years, this growth is expected to slow in the future in response to falling energy prices. 2012 legislation reducing GRT on business inputs will reduce growth of revenue collections slightly over the next several years, but the measure should encourage new business investment in the state’s economy.

Personal Income Tax (PIT) revenue is projected to grow by 3.1% in FY13 and another 4.3% in FY14, growth rates consistent with forecast increases in wages and salaries. Growth in corporate income tax revenue is expected to grow by 6% in FY13 and 18% in FY14.

Stronger than expected oil volumes along with modest increases in energy prices are expected to increase mineral-related revenues by 7% in FY14 or \$65 million following a projected 11% decline in FY13.

Insurance premiums tax revenue is forecast to increase in the future based on impacts of the federal Affordable Care Act (ACA). The estimate assumes the increase in premiums revenue will be gradual, adding \$11 million in FY14 and \$26 million in FY15. There is much uncertainty regarding the implementation of the ACA and its impact on general fund revenues. Potential repeal of the ACA poses a negative risk to this premiums tax revenues forecast.

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2012**

**Requests for Information**

This financial report is designed to provide a general overview of the Component Appropriation Funds' finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of the Financial Control Division  
Department of Finance and Administration  
407 Galisteo, Room 166  
Bataan Memorial Building  
Santa Fe, New Mexico 87501

## Basic Financial Statements



**State of New Mexico**  
**Component Appropriation Funds**  
**Balance Sheets**  
**June 30, 2012**

	Statorily Created Funds				
	Common School Current	Current School	State- support Reserve	Tobacco Settlement Permanent Fund	Appropriation Account
<b>Assets</b>					
Current assets					
Investments, State Treasurer (Note 2)	\$ -	\$ 32,239	\$ 1,000,000	\$ -	\$ -
Investments, State Investment Council (Note 2)	-	-	-	148,977,598	-
Due from other state general fund accounts	-	38,529,423	-	-	38,565,634
Due from other state entities	38,529,423	-	-	-	866,434,012
Due from tax payers	-	-	-	-	23,091,088
<b>Total assets</b>	<b>\$ 38,529,423</b>	<b>\$ 38,561,662</b>	<b>\$ 1,000,000</b>	<b>\$ 148,977,598</b>	<b>\$ 928,090,734</b>
<b>Liabilities and Fund Balances</b>					
Current liabilities					
Deferred revenues	\$ -	\$ -	\$ -	\$ -	\$ 23,091,088
Advance from State General Fund					
Investment Pool (Note 3)	-	-	-	-	592,584,564
Due to other state entities	-	-	-	-	1,062,338
Due to other state general fund accounts	38,529,423	38,561,662	-	-	262,997,209
Due to local governments	-	-	-	-	16,436,760
Due to taxpayers	-	-	-	-	31,918,775
Allowance for potential loss on State					
General Fund Investment Pool (Note 6)	-	-	-	-	-
<b>Total liabilities</b>	<b>38,529,423</b>	<b>38,561,662</b>	<b>-</b>	<b>-</b>	<b>928,090,734</b>
Fund balances					
Restricted	-	-	-	148,977,598	-
Unassigned	-	-	1,000,000	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>148,977,598</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 38,529,423</b>	<b>\$ 38,561,662</b>	<b>\$ 1,000,000</b>	<b>\$ 148,977,598</b>	<b>\$ 928,090,734</b>
SHARE system fund number	71600	71700	85700	95200	85300

Administratively Created Funds						Total
Federal Mineral Leasing	Appropriation Contingency Reserve	General Operating Reserve	Tax Stabilization Reserve	Eliminations		June 30, 2012 (Memorandum Only)
\$ 3,972	\$ 67,831,007	\$ 275,224,791	\$ 26,008,461	\$ -	\$ -	\$ 370,100,470
-	-	-	-	-	-	148,977,598
-	-	141,536,614	121,460,595	(340,092,266)	-	-
-	721,218	270,595	-	-	-	905,955,248
-	-	-	-	-	-	23,091,088
<u>\$ 3,972</u>	<u>\$ 68,552,225</u>	<u>\$ 417,032,000</u>	<u>\$ 147,469,056</u>	<u>\$ (340,092,266)</u>		<u>\$ 1,448,124,404</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,091,088
-	-	-	-	-	-	592,584,564
-	-	87,000	-	-	-	1,149,338
3,972	-	-	-	(340,092,266)	-	-
-	-	-	-	-	-	16,436,760
-	-	-	-	-	-	31,918,775
-	-	70,000,000	-	-	-	70,000,000
<u>3,972</u>	<u>-</u>	<u>70,087,000</u>	<u>-</u>	<u>(340,092,266)</u>		<u>735,180,525</u>
-	-	-	-	-	-	148,977,598
-	68,552,225	346,945,000	147,469,056	-	-	563,966,281
-	68,552,225	346,945,000	147,469,056	-	-	712,943,879
<u>\$ 3,972</u>	<u>\$ 68,552,225</u>	<u>\$ 417,032,000</u>	<u>\$ 147,469,056</u>	<u>\$ (340,092,266)</u>		<u>\$ 1,448,124,404</u>
85100	85400	85200	84300			

The accompanying notes are an integral part of these financial statements.

**State of New Mexico**  
**Component Appropriation Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

	Statutorily Created Funds				
	Common School Current	Current School	State- support Reserve	Tobacco Settlement Permanent Fund	Appropriation Account
<b>Revenues</b>					
General and selective taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,428,025,771
Income taxes	-	-	-	-	1,431,515,514
Severance taxes	-	-	-	-	456,401,793
License fees	-	-	-	-	49,594,688
Investment income	-	461,737,162	-	-	200,850,664
Net increase in the fair value of investments	-	-	-	191,466	-
Rents and royalties	-	92,507,769	-	-	-
Miscellaneous receipts	-	6,052,823	-	39,320,878	110,523,064
Reversions	-	-	-	-	65,884,725
Total revenues	<u>-</u>	<u>560,297,754</u>	<u>-</u>	<u>39,512,344</u>	<u>4,742,796,219</u>
<b>Expenditures</b>					
Appropriations					
Legislative	-	-	-	-	26,625,654
Judicial	-	-	-	-	191,915,400
General control	-	-	-	39,320,878	178,353,100
Commerce and industry	-	-	-	-	51,071,600
Natural resources	-	-	-	-	62,109,300
Health and human services	-	-	-	-	1,562,378,900
Public safety	-	-	-	-	358,754,300
Other education	-	-	-	-	27,590,000
Higher education	-	-	-	-	716,850,302
Public school support	-	560,297,754	-	-	1,275,550,455
Total expenditures	<u>-</u>	<u>560,297,754</u>	<u>-</u>	<u>39,320,878</u>	<u>4,451,199,011</u>
Total expenditures	<u>-</u>	<u>560,297,754</u>	<u>-</u>	<u>39,320,878</u>	<u>4,451,199,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,466</u>	<u>291,597,208</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)	-	-	-	-	(291,597,208)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(291,597,208)</u>
<b>Special Item (Note 6)</b>					
Provision for the potential loss on the State General Fund Investment Pool	-	-	-	-	-
Net change in fund balance	-	-	-	191,466	-
Fund balances - beginning	-	-	1,000,000	148,786,132	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 148,977,598</u>	<u>\$ -</u>
SHARE system fund numbers	71600	71700	85700	95200	85300

Administratively Created Funds				Total
Federal Mineral Leasing	Appropriation Contingency Reserve	General Operating Reserve	Tax Stabilization Reserve	June 30, 2012 (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ 2,428,025,771
-	-	-	-	1,431,515,514
-	-	-	-	456,401,793
-	-	-	-	49,594,688
-	-	-	-	662,587,826
-	-	-	-	191,466
502,573,870	-	-	-	595,081,639
-	-	-	-	155,896,765
-	1,921,311	270,595	-	68,076,631
<u>502,573,870</u>	<u>1,921,311</u>	<u>270,595</u>	<u>-</u>	<u>5,847,372,093</u>
-	-	-	-	26,625,654
-	-	-	-	191,915,400
-	-	1,550,698	-	219,224,676
-	-	-	-	51,071,600
-	12,000,000	-	-	74,109,300
-	-	-	-	1,562,378,900
-	5,600,000	-	-	364,354,300
-	8,000,000	-	-	35,590,000
-	-	-	-	716,850,302
<u>502,573,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,338,422,079</u>
<u>502,573,870</u>	<u>25,600,000</u>	<u>1,550,698</u>	<u>-</u>	<u>5,580,542,211</u>
<u>502,573,870</u>	<u>25,600,000</u>	<u>1,550,698</u>	<u>-</u>	<u>5,580,542,211</u>
-	(23,678,689)	(1,280,103)	-	266,829,882
-	40,000,000	141,536,614	121,460,594	11,400,000
-	40,000,000	141,536,614	121,460,594	11,400,000
-	-	(70,000,000)	-	(70,000,000)
-	16,321,311	70,256,511	121,460,594	208,229,882
-	52,230,914	276,688,489	26,008,462	504,713,997
<u>\$ -</u>	<u>\$ 68,552,225</u>	<u>\$ 346,945,000</u>	<u>\$ 147,469,056</u>	<u>\$ 712,943,879</u>
85100	85400	85200	84300	

The accompanying notes are an integral part of these financial statements.

## Notes to the Financial Statements

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

**1) Summary of Significant Accounting Policies**

A. Reporting Entity

The accompanying financial statements report nine statutorily and administratively created funds administered by the Department of Finance and Administration of the State of New Mexico. The funds are referred to as “Component Appropriation Funds” (the Funds). Together with many other statutorily and administratively created funds, they comprise the general fund of the State of New Mexico, which is presented in the State of New Mexico’s Comprehensive Annual Financial Report.

The Funds do not constitute a primary government, component unit, or any other type of reporting entity as defined by generally accepted accounting principles.

Taken together, the Funds present the primary revenue and financing of the activities of the State of New Mexico. As such, the Legislature, state officials and the citizens of the State of New Mexico, as well as other groups such as bond issuers and rating services, have an interest in the operations of the Funds. The accompanying financial statements are presented to meet those needs.

In previous years, reports were prepared that presented the aggregate of the Funds as a “general fund” in the basic financial statements and financial statements of the individual Funds as supplementary information. Previous years’ reports also included “entity-wide” statements of net assets and statements of activities using the full accrual basis of accounting. The accompanying report present substantially the same information by reporting each of individual Funds in the basic financial statements, with aggregate totals reported as “memorandum only.”

The following is a description of the nine statutorily and administratively created funds.

***Statutorily Created Funds***

***1. Common School Current Fund***

The *common school current fund* (also known as the *common school income fund*) was created by Section 19-1-17, NMSA 1978. This statute requires that the fund be credited with its respective proportion of money from the *state land income fund* and the *state permanent fund*. Section 22-8-32, NMSA 1978, requires that at the end of each month, the State Treasurer transfer out the cash balance in this fund to the *current school fund*. Transfers will be presented as expenditures in these financial statements.

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

2. *Current School Fund*

The *current school fund* was created by Section 22-8-32, NMSA 1978. This statute requires the State Treasurer to deposit into this fund: 1) all fines and forfeitures collected under general laws; 2) the net proceeds of property that may come to the State by escheat (however, Section 7-8A-13, NMSA 1978, requires all funds received under the Unclaimed Property Act to be deposited in the tax administration suspense fund for distribution to the *general fund*); and 3) all other revenue required by law to be credited to the fund. In addition, as noted above, the statute requires that each month the cash balance in the *common school current fund* be transferred into this fund. Transfers will be presented as expenditures in these financial statements.

In addition to the above, Section 22-8-32 requires any unencumbered balance in this fund to be transferred out to the *public school fund*—a statutorily created fund administered by both the Public Education Department and the Component Appropriation Funds.

3. *State-support Reserve Fund*

The *state-support reserve fund* was created by Section 22-8-31, NMSA 1978. This statute requires the following: The *state-support reserve fund* shall be used only to augment the appropriations for the state equalization guarantee distribution in order to ensure, to the extent of the amount undistributed in the fund, that the maximum figures for such distribution established by law shall not be reduced.

4. *Tobacco Settlement Permanent Fund*

The *tobacco settlement permanent fund* was created by Section 6-4-9, NMSA 1978. Originally, the fund was created as a permanent fund as defined by generally accepted accounting principles. In 2003, legislation was enacted (Laws of 2003, Chapter 312) that made the fund a reserve within the Component Appropriation Funds. The amendment is not written clearly; however, the intent of the legislation was to make the fund a reserve within the *Component Appropriation Funds*.

The statute allows balances in the fund to be appropriated by the Legislature if balances in the *Component Appropriation Funds*, including its *general fund operating reserve*, *appropriation contingency reserve fund*, and *tax stabilization reserve*, do not meet the level of appropriations authorized from the Component Appropriation Funds for a fiscal year. By statute, balances in the fund are to be invested by the state investment officer, which is accounted for in a private-purpose trust fund at the State Investment Council.

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

Section 6-4-9(B), NMSA 1978, requires that all money received by the State Treasurer in fiscal years 2003 through 2006 be distributed from the *Tobacco Settlement Permanent Fund* to the *Component Appropriation Funds*. Subsection C of that section requires that, in fiscal year 2007 and beyond, an annual distribution be made from the *Tobacco Settlement Permanent Fund* to the *Tobacco Settlement Program Fund* of an amount equal to fifty percent of the total amount distributed to the *Tobacco Settlement Permanent Fund* in that fiscal year until the amount is less than an amount equal to four and seven-tenths percent of the average of the year-end market values of the *Tobacco Settlement Permanent fund* for the immediately preceding five years. If the amount distributed to the *Tobacco Settlement Program Fund* is insufficient to meet appropriations, the secretary of the NM Department of Finance and Administration shall reduce each appropriation proportionately. In fiscal year 2009 through 2012, the remaining fifty percent of money distributed to the tobacco settlement permanent fund shall be distributed to the *Tobacco Settlement Program Fund*. Transfers will be presented as expenditures in these financial statements.

***Administratively Created Funds***

***1. Appropriation Account Fund***

The *appropriation account fund* is an administratively created fund the Component Appropriation Funds uses to account for the financial activity of the statutorily created *general fund* and for portions of the financial activity of the statutorily created *public school fund* of the State of New Mexico.

State statute, Section 6-4-2, NMSA 1978, creates the *general fund* and requires the State Treasurer to credit all revenues, not otherwise allocated, to the fund. In addition, the statute requires that expenditures from the fund be made only in accordance with appropriations authorized by the Legislature. Those appropriations result in allotments of cash from the *general fund*. The allotments are presented as expenditures in the accompanying financial statements.

Section 22-8-14, NMSA 1978, creates the *public school fund*. The Component Appropriation Funds administers three financial activities of that fund; all other activities of the fund are administered by the Public Education Department.

One of those activities administered by the Component Appropriation Funds is the transfer from the *current school fund* to the *public school fund* required by Section 22-8-32, NMSA 1978. The Component Appropriation Funds administers the other two activities through its *federal mineral leasing fund* (see item 2 below). Those activities include receiving receipts under the Federal Minerals Land Act, 30 USC



**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

181 (the General Appropriation Act defines *general fund* to include Federal Mineral Leasing Act receipts) and allotting cash, based on legislative appropriations, from the *public school fund* to the *Instructional Materials Fund* and to the Bureau of Mines and Mineral Resources of the New Mexico Institute of Mining and Technology.

The transfer described in the previous paragraph reduces (offsets) the appropriation and related cash allotments that have been made from the *general fund* to the portion of the *public school fund* administered by the Education Department. The General Appropriations Act requires that the appropriation from the *general fund* to the portion of the *public school fund* administered by the Public Education Department be reduced by the amounts transferred to the *public school fund* from the *current school fund*. Transfers will be presented as expenditures in these financial statements.

2. *Federal Mineral Leasing Fund*

As noted above, the Component Appropriation Funds administers two other activities of the *public school fund* through its administratively created *federal mineral leasing fund*. Those activities include receiving receipts under the Federal Minerals Land Act, 30 USC 181, and allotting cash—based on legislative appropriation—from the portion of the *public school fund* administered by the Component Appropriation Funds to the *Instructional Materials Fund* and to the Bureau of Mines and Mineral Resources of the New Mexico Institute of Mining and Technology.

Like the transfer in from the *current school fund*, the receipts from the Federal Minerals Land Act, 30 USC 181 reduce (offset) the appropriation and related cash allotments that have been made from the *general fund* to portion of the *public school fund* administered by the Education Department. As noted above, the General Appropriations Act requires that the appropriation from the *general fund* to the portion of the *public school fund* administered by the Public Education Department be reduced by the amount of Federal Minerals Land Act receipts. Transfers will be presented as expenditures in these financial statements.

The General Appropriations Act is consistent with Section 22-8-34, NMSA 1978, in that Section 22-8-34 requires the State Treasurer to deposit all money received under the Federal Mineral Lands Leasing Act to the *public school fund*, except for the following: 1) that portion appropriated to the *instructional materials fund* and to the Bureau of Mines and Mineral Resources of the New Mexico Institute of Mining and Technology; and 2) the remainder of any prepayments after deducting the amount that the State would have received as its share of royalties during the fiscal year. (The statute requires that the remainder be distributed to the *common school permanent fund*.)

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

3. *Appropriation Contingency Reserve Fund*

Section 6-4-2.3, NMSA 1978, creates the appropriation contingency reserve within the *general fund*. To account for the reserve, the Component Appropriation Funds has established the *Appropriation Contingency Reserve Fund*. Section 6-4-2.3 includes the following requirements: The appropriation contingency reserve may be expended only upon specific authorization by the legislature or as provided in Sections 6-7-1 through 6-7-3 NMSA 1978 in the event there is no surplus of unappropriated money in the *general fund*.

4. *General Operating Reserve Fund*

Section 6-4-2.1, NMSA 1978, creates the general operating reserve fund within the *general fund*. To account for the reserve, the Component Appropriation Funds has established the *general operating reserve fund*. Section 6-4-4, NMSA 1978, requires that excess revenue over appropriations (expenditures/expenses) in the *general fund* be transferred to the *general operating reserve fund* provided that 1) if the sum of the excess revenue plus the balance in the operating reserve prior to the transfer is greater than eight percent of the aggregate recurring appropriations from the *general fund* for the previous fiscal year, then an amount equal to the smaller of either the amount of the excess revenue or the difference between the sum and eight percent of the aggregate recurring appropriation from the *general fund* for the previous fiscal year; and 2) that if the total of the amount transferred to the *tax stabilization reserve fund* plus the balance in that reserve prior to the transfer is greater than six percent of the aggregate recurring appropriations from the *general fund* for the previous fiscal year, then an amount equal to the smaller of either the amount transferred or the difference between the total and six percent of the aggregate recurring appropriation from the *general fund* for the previous fiscal year is appropriated to the *taxpayer dividend fund*. Transfers will be presented as expenditures in these financial statements.

The *general operating reserve fund* may be expended only upon specific authorization by the legislature and only in the event *general fund* revenues and balances, including all other transfers to the *general fund* authorized by law, are insufficient to meet the level of appropriations authorized.

5. *Tax Stabilization Reserve Fund*

Section 6-4-2.2, NMSA 1978, creates the tax stabilization reserve within the *general fund*. To account for the reserve, the Component Appropriation Funds has established the *Tax Stabilization Reserve Fund*. The balance of the tax stabilization reserve

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

consists of those funds directed to it by law (Section 6-4-4) and such other funds as the legislature may appropriate from time to time to the reserve. Except as otherwise provided in Subsection D of Section 6-4-2.2, NMSA 1978, any balance in the *tax stabilization reserve* may be appropriated only by a two-thirds majority vote of both houses of the legislature following receipt by the legislature of a declaration of the governor that such an appropriation is necessary for the public peace, health and safety. However, subsection D allows the legislature to appropriate balances in the fund without any restrictions, in the event that resources are not sufficient to meet authorized appropriations.

Name	Due from Other Funds		Due to Other Funds	
	SHARE		SHARE	
	System Fund Number	Name	System Fund Number	Amount
Appropriations Accounts Fund	85300	Current School Fund	71700	\$ 38,561,662
Appropriations Accounts Fund	85300	Federal Mineral leasing	85100	3,972
Current School Fund	71700	Common School Fund	71600	38,529,423
Tax Stabilization Reserve	84300	Appropriation Account Fund	85300	121,460,595
Operating Reserve Fund	85200	Appropriation Account Fund	85300	141,536,614
				\$ 340,092,266

**B. Basis of Accounting and Presentation**

*Fund Financial Statements*—Each of the Funds are reported as governmental funds. Accordingly, they are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. For derived tax revenues, related assets are recognized when the exchange transaction occurs or when the resources are received, whichever occurs first. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Funds consider tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Deferred revenues are reported when assets, such as taxes receivable, are recognized before the revenues.

Escheats are not considered susceptible to accrual and are therefore recognized when received. Reversions are recognized if collected within 90 days of the end of the current fiscal period and all other revenues are considered to be available if collected prior to completion of the Funds financial statements, typically by December 15th following the end of the fiscal year. Appropriations generally are recorded when a liability is incurred. Debt service expenditures are recorded only when payment is due.

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

C. Assets, Liabilities and Fund Balances

1. *Due from Other State Entities*—Section 6-4-2, NMSA 1978, requires all revenues—not otherwise allocated by law—to be credited to the Component Appropriation Funds. In addition, Section 6-5-10, NMSA 1978, requires all undesignated/unreserved fund balances in reverting state agency funds to be reverted to the Component Appropriation Funds. Various state agencies collect revenues on behalf of the Component Appropriation Funds. In addition, most state agencies administer funds that revert balances to the Funds.

The amounts due from other state entities reported in the accompanying financial statements are amounts due to the Funds under the authority of the two statutes cited above. The amount due from other state entities has been reduced by \$54.4 million, which represents the estimated amount of personal income tax refunds in excess of final personal income tax settlements, at June 30, 2012. The estimate is based on a ten year average of final settlement payments and refunds. Fiscal year 2012 is the third year the estimate was based on a ten year average. The estimate for fiscal year 2007 was based on a three year average, and the estimates for fiscal years 2008 and 2009 were based on the estimate for 2007.

2. *Due to Other State Agencies and Due to Local Governments*—The amounts due to state agencies and due to local governments reported in the accompanying financial statements are 1/12 of the annual appropriation amounts due to state agencies and local governments. This is a timing difference and the amounts due to state and local governments are paid within 30 days of the fiscal year end.
3. *Restricted Resources*—When both restricted and unrestricted resources are available for use, it is the Component Appropriation Funds’ policy to use restricted resources first and then unrestricted resources as they are needed.
4. *Interfund Activity*—The effect of interfund activity between these nine statutorily and administratively created funds has been eliminated from the memorandum totals in the accompanying financial statements. This interfund activity included the receivables and payables listed in the table below.

D. Revenues, Appropriations and Expenditures

1. *Reversions*—Once an appropriation lapses, the related cash balance is usually required by law to be returned to the fund from where the appropriation allotment originated (that is, from where the cash related to the appropriation originated). In the accompanying financial statements, the cash returned to the Funds is treated as general revenue and presented as “reversions.”

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

E. Fund Balances

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance classifications are based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds in the following categories: nonspendable, restricted, committed, assigned, and unassigned.

The Funds classifies fund balances as restricted or unrestricted (unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by the law through constitutional provisions or enabling legislation. Unassigned fund balance is the residual amount after all classifications were considered.

The accompanying financial statements report restricted fund balance in the Tobacco Settlement Permanent Fund because the balance is legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. All other fund balances are unassigned.

F. Budgets

The Component Appropriation Funds do not adopt annual appropriated budgets, therefore, presentation of budgetary comparison information is not required. However, the appropriations of the Component Appropriation Funds by law must equal the individual amounts appropriated in the various appropriation Acts.

**2) Investments**

As of June 30, 2012, the Funds had the following investments:

Description	Maturities	Fair Value
New Mexico State Treasurer's Office General Fund Investment Pool	1 day to 5 years	\$ 370,100,470
New Mexico State Investment Council		
Equities	Not Applicable	
Large Cap Active Pool		\$ 42,737,287
Large Cap Index Pool		23,286,858
Small/Mid Cap Active Pool		12,441,704
Non-U.S. Developed Markets Pool		6,865,151
Non-U.S. Emerging Markets Pool		3,098,461
Core Bonds		
U.S. Core Bonds Pool	1 to 10 years	45,716,562
Hedge Fund Pool	Not Applicable	14,744,875
Cash/Cash Equivalents/Accruals	Not Applicable	86,700
		<u>\$ 519,078,068</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

State law (Section 8-6-3 NMSA 1978) requires investments of the Funds be managed by the New Mexico State Treasurer's Office, with the exception of those belonging to the Tobacco Settlement Fund. State law requires that Tobacco Settlement Fund investments be managed by the New Mexico State Investment Council. Accordingly, the investments of the Funds' consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

Interest Rate Risk

The New Mexico State Treasurer's Office has an investment policy that limits investment 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.

Credit Risk

The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

The Funds do not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The New Mexico State Treasurer and State Investment Council pools are not rated. For additional GASB 40 disclosure information related the above investment pools, the reader should see the separate audit reports for the State Treasurer's Office and the State Investment Council for the fiscal year ended June 30, 2012.

**3) Advance from the State General Fund Investment Pool**

The Appropriation Account Fund disburses allotted appropriations to various entities based on New Mexico legislative Appropriation Acts, which are made in anticipation of the collection of tax revenues, fees and other sources. The State General Fund Investment Pool makes advances to the Appropriations Account Fund to the extent that such sources have not yet been collected. Advances from the State General Fund Investment Pool totaling \$592,584,564 at June 30, 2012, will be repaid as amounts due from other state entities are collected.

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

**4) Due from Other State Entities**

Various state agencies, mainly New Mexico Taxation and Revenue Department, collect revenues on behalf of the Funds. In addition, state agencies are required to revert unspent balances to the Funds at the close of each fiscal year. Resulting aggregate amounts due from state entities are composed of the following at June 30, 2012:

SHARE System Fund Number	Source	Amount
83200	Gross receipt tax	\$ 339,258,610
83200	Withholding taxes	156,100,084
83300	Severance - school tax	89,678,869
27900	Corporate income taxes	59,127,931
60100	Land Grant Permanent Fund	38,529,423
64200	Regular income tax - PIT	36,126,058
50800	PRC insurance taxes	19,326,860
57800	Fire Protection Fund - insurance fees	18,812,069
02000	Tribal revenue sharing (Indian Gaming)	16,981,022
60200	Severance Tax Permanent Fund income	15,285,292
83200	Compensating tax	12,480,141
82800	Luxury tax	11,634,755
82800	Gaming tax	10,644,925
Various	NM Department of Health	10,624,932
82500	Motor vehicle excise tax	10,288,397
Various	Other	61,055,880
		<u>\$ 905,955,248</u>

**5) Transfers**

For fiscal year 2012, the laws of 2011, Chapter 179 from the 50th legislature, first session, section 13(A) provides the Funds with authority to transfer \$50.0 million from the operating reserve to the appropriation account to meet fiscal year 2011 or 2012 obligations. For fiscal year 2012, revenues exceeded appropriation and transfers by \$263.0 million.

Required Transfers

Laws of 2011, Chapter 179, section 11B, items 1-12, from the 50th legislature, first session, authorizes the following transfers to the appropriation account (85300), for fiscal year 2012:

- \$10.0 million from the college affordability endowment fund (23900)

**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

- \$1.4 million from accounts established for the deposits of fees received by the New Mexico finance authority for the administration of transportation revenue bonds issued pursuant to Sections 67-3-59.3 and 67-3-4 NMSA 1978 (NMFA).

Laws of 2012, Chapter 19, Section 10 from the 50<sup>th</sup> Legislature, Second Session, authorized the following transfer:

- \$40.0 million from the appropriations account fund (85300) to the appropriation contingency reserve fund (85400).

For fiscal year 2012, in accordance with State statute and law, the following transfer was made:

- \$263.0 million from the appropriation account fund (85300) to the operating reserve fund (85200) for \$141.5 million and to the tax stabilization reserve fund (84300) for \$121.5 million.

**6) General Operating Reserve Fund Contingency**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the State Treasurer. The Pool is not a part of the accompanying financial statements, but is reported as a fiduciary fund in financial statements of the Treasurer's Office. Claims on the Pool are reported as assets by the various agencies investing in the Pool. As of June 30, 2012 The Component Appropriations Funds report an aggregate investment of \$370,100,470 in the Pool (see Note 2).

In June 2012, an independent expert diagnostic report revealed that Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. The report, dated June 20, 2012 is available on the website of the New Mexico Department of Finance & Administration (DFA) at [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx). The report titled "Current State Diagnostic of Cash Control," describes a difference between Pool bank balances and the corresponding general ledger balances of approximately \$2.7 billion and indicates that the effect of reconciling items is unknown.

By State statute, DFA is responsible for reconciling the Pool balances. Therefore, under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking action to address the situation. DFA/FCD has commenced the Cash



**State of New Mexico**  
**Component Appropriation Funds**  
**Notes to Financial Statements**  
**June 30, 2012**

Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement changes necessary to reconcile the Pool in a manner that is complete, accurate, and timely. The Remediation Project is anticipated to result in changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure that will allow for the completion of timely and accurate reconciliation of balances on a point-forward basis only, but it will not resolve historical reconciling items.

A plan to address historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve such historical reconciling items. Management considers it likely that this separate initiative will not be successful in allocating all historical reconciling items to the various State entities invested in the Pool. The effect of any differences not allocable to other Pool participants will be reported in the General Operating Reserve Fund.

Management has recorded a loss contingency of \$70 million in the General Operating Reserve Fund based on their estimate of the effect of issues related to the reconciliation of the Pool. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The provision for potential loss is reported as a special item on the statement of revenues, expenditures and changes in fund balances because it is considered to be unusual, and its placement within the financial reporting entity of the State of New Mexico is under the control of management.

## Supplementary Information

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Revenue by Source**  
**For the Year Ended June 30, 2012**

	General and Selective Taxes	Income Taxes	Severance Taxes	License Fees
Motor vehicle miscellaneous fees	\$ -	\$ -	\$ -	\$ 135,811
MVD Penalty assessment	-	-	-	-
Notary public fees	-	-	-	-
Public defender reimbursements	-	-	-	-
Legislative receipts	-	-	-	-
Media lease payments	-	-	-	-
District judges' receipts	-	-	-	-
Fines and forfeitures	-	-	-	-
Supreme court fees	-	-	-	-
Public utilities	-	-	-	11,056,400
Financial institution fees	-	-	-	2,917,436
Manufacturing housing receipts	-	-	-	419,715
Construction industry receipts	-	-	-	5,052,172
Security receipts	-	-	-	18,765,301
Gaming receipts	-	-	-	391,712
Corporate filing	-	-	-	2,863,554
Alcohol receipts	-	-	-	3,855,629
Corporate special	-	-	-	4,096,354
Pipeline fees	-	-	-	40,604
Birth and death certificates	-	-	-	-
Workers' compensation fees	-	-	-	-
Environment department filing fees	-	-	-	-
Land office income	-	-	-	-
Insurance	114,075,812	-	-	-
Fire protection	18,812,069	-	-	-
Gross receipts tax	1,928,468,880	-	-	-
Compensating tax	62,066,210	-	-	-
Tobacco (luxury) tax	85,360,379	-	-	-
Alcoholic beverage tax	26,128,850	-	-	-
Private car	552,553	-	-	-
Motor vehicle excise tax	114,706,587	-	-	-
Gaming tax	65,526,989	-	-	-
Leased vehicles surcharge	5,366,391	-	-	-
Gasoline tax	5,539,323	-	-	-
Telecommunications relay surcharge	97,930	-	-	-
Net personal income taxes	-	1,141,456,859	-	-
Net corporate income taxes	-	281,047,492	-	-
Estate taxes	-	44	-	-
Franchise receipts	19,055	-	-	-
Fiduciary	-	9,011,119	-	-
Land grant permanent fund distribution	-	-	-	-
Federal mineral leasing	-	-	-	-
Oil and gas emergency school tax	-	-	399,588,896	-
Oil and gas conservation tax	-	-	21,452,054	-
Resource excise tax	-	-	12,018,385	-
Natural gas processors	-	-	23,342,458	-
State treasurer earnings on state balances	-	-	-	-
Severance tax permanent fund distribution	-	-	-	-
Tribal revenue sharing	-	-	-	-
Unclaimed property	-	-	-	-
Small county assistance	-	-	-	-
Law enforcement protection	-	-	-	-
Boat excise tax	452,914	-	-	-
Racing receipts	851,829	-	-	-
Reversions	-	-	-	-
Settlement/miscellaneous	-	-	-	-
Totals	<u>\$ 2,428,025,771</u>	<u>\$ 1,431,515,514</u>	<u>\$ 456,401,793</u>	<u>\$ 49,594,688</u>

Investment Income	Rents and Royalties	Miscellaneous Receipts	Total
\$ -	\$ -	\$ -	\$ 135,811
-	-	5,704,994	5,704,994
-	-	1,386,475	1,386,475
-	-	410,853	410,853
-	-	19,547	19,547
-	-	19,442	19,442
-	-	1,064,087	1,064,087
-	-	6,052,204	6,052,204
-	-	611	611
-	-	-	11,056,400
-	-	-	2,917,436
-	-	-	419,715
-	-	-	5,052,172
-	-	-	18,765,301
-	-	-	391,712
-	-	-	2,863,554
-	-	-	3,855,629
-	-	-	4,096,354
-	-	-	40,604
-	-	1,075,284	1,075,284
-	-	3,803	3,803
-	-	2,047,673	2,047,673
-	92,507,769	-	92,507,769
-	-	-	114,075,812
-	-	-	18,812,069
-	-	-	1,928,468,880
-	-	-	62,066,210
-	-	-	85,360,379
-	-	-	26,128,850
-	-	-	552,553
-	-	-	114,706,587
-	-	-	65,526,989
-	-	-	5,366,391
-	-	-	5,539,323
-	-	-	97,930
-	-	-	1,141,456,859
-	-	-	281,047,492
-	-	-	44
-	-	-	19,055
-	-	-	9,011,119
461,737,162	-	-	461,737,162
-	502,573,870	-	502,573,870
-	-	-	399,588,896
-	-	-	21,452,054
-	-	-	12,018,385
-	-	-	23,342,458
17,427,160	-	-	17,427,160
183,423,504	-	-	183,423,504
-	-	68,188,620	68,188,620
-	-	15,451,669	15,451,669
-	-	3,576,387	3,576,387
-	-	8,291,058	8,291,058
-	-	-	452,914
-	-	-	851,829
-	-	68,076,631	68,076,631
191,466	-	42,604,058	42,795,524
<u>\$ 662,779,292</u>	<u>\$ 595,081,639</u>	<u>\$ 223,973,396</u>	<u>\$ 5,847,372,093</u>

# State of New Mexico

## Component Appropriation Funds

### Schedule of Appropriations

### For the Year Ended June 30, 2012

Laws of 2011 - 50th Legislature - First Session and First Special Session								
Chapter 179								
Agency No.	Share Fund No.	Share Fund Name	Section 4			Other Appropriations Chapter, Section	Amount	Total
			Section 10 Reductions	Section 5 Amount	Section 10 Reductions		Includes HB 2	
11100	12900	Legislative Council Services	\$ -	\$ -		Chapter 1, Sec 3 (A), 1st Session	\$ 5,368,200	\$ 5,368,200
11200	13000	Legislative Finance Committee	-	-		Chapter 1, Sec 4, 1st Session	3,842,300	3,842,300
11400	74300	Legislative Council Services/Senate Interim	-	-		Chapter 1, Sec 8, 1st Session	1,101,100	1,101,100
11500	74400	Legislative Council Services/House Interim	-	-		Chapter 1, Sec 7, 1st Session	1,054,509	1,054,509
11700	13100	Legislative Education Study Committee	-	-		Chapter 1, Sec 5, 1st Session	1,181,708	1,181,708
11900	13200	Legislative Maintenance	3,853,177	-			-	3,853,177
						(Chap 1, Sec 3 (B,C,D) Sec 6, 9 and 10, 1st Sess) (Chap 1, Sec 1 A(3), Section 4, 1st SS		
13100	13300	Legislature	32,000	-			3,644,000	3,676,000
13101	20030	Legislature - Senate	-	-		Chapter 1, Sec 1 A(2), 1st Spec Session	472,360	472,360
13102	20040	Legislature - House	-	-		Chapter 1, Sec 1 A(1), 1st Spec Session	527,800	527,800
		<b>Total - Legislative</b>	<u>3,885,177</u>	<u>-</u>			<u>17,191,977</u>	<u>21,077,154</u>
20500	13400	Supreme Court Law Library	1,483,800	-			-	1,483,800
20800	07600	Compilation Commission	-	-			-	-
21000	13500	Judicial Standards Commission	706,900	-			-	706,900
21500	13700	Court of Appeals	5,339,400	-			-	5,339,400
21600	13800	Supreme Court	2,783,900	-			-	2,783,900
21800	11600	Magistrate Drug Court	50,600	-			-	50,600
21800	13600	Judge's Pro Tempore	30,000	-			-	30,000
21800	13900	Administrative Office of the Courts	5,433,800	-			-	5,433,800
21800	27300	AOC - Statewide Automation Bond Fund	-	-			-	-
21800	58300	AOC-Non Grant Projects	118,800	-			-	118,800
21800	68900	Information System	2,315,900	-			-	2,315,900
21800	69200	Magistrate Courts	22,066,100	-			-	22,066,100
21801	01200	Jury and Witness Fee Fund	3,800,400	-			-	3,800,400
21801	12400	Court Appointed Attorney Fees	4,437,100	-			-	4,437,100
21900	14000	Supreme Court Building Commission	777,500	-			-	777,500
23100	14100	First Judicial District Court	5,890,900	-			-	5,890,900
23200	14200	Second Judicial District Court	20,103,800	-			-	20,103,800
23300	14300	Third Judicial District Court	5,827,400	-			-	5,827,400
23400	14400	Fourth Judicial District Court	1,943,300	-			-	1,943,300
23500	14500	Fifth Judicial District Court	5,651,300	-			-	5,651,300
23600	14600	Sixth Judicial District Court	2,893,400	-			-	2,893,400
23700	14700	Seventh Judicial District Court	2,055,400	-			-	2,055,400
23800	14800	Eighth Judicial District Court	2,562,300	-			-	2,562,300
23900	14900	Ninth Judicial District Court	2,973,100	-			-	2,973,100
24000	15000	Tenth Judicial District Court	718,600	-			-	718,600
24100	15100	Eleventh Judicial District Court	4,416,500	-			-	4,416,500
24100	33500	Eleventh Judicial District Court/Drug Court	1,122,000	-			-	1,122,000
24200	15200	Twelfth Judicial District Court	2,555,000	-			-	2,555,000
24200	92900	Twelfth Judicial District Court - Other Programs	271,800	-			-	271,800
24300	15300	Thirteenth Judicial District Court	6,007,600	-			-	6,007,600
24400	15400	Bernalillo County Metropolitan Court	21,087,900	-			-	21,087,900
25100	15500	First Judicial District Attorney	4,455,400	-			-	4,455,400
25200	15600	Second Judicial District Attorney	15,866,300	-			-	15,866,300
25300	15700	Third Judicial District Attorney	4,185,000	-			-	4,185,000
25400	15800	Fourth Judicial District Attorney	2,852,800	-			-	2,852,800
25500	15900	Fifth Judicial District Attorney	4,074,000	-			-	4,074,000
25600	16000	Sixth Judicial District Attorney	2,358,800	-			-	2,358,800
25700	16100	Seventh Judicial District Attorney	2,190,600	-			-	2,190,600
25800	16200	Eighth Judicial District Attorney	2,346,200	-			-	2,346,200
25900	16300	Ninth Judicial District Attorney	2,537,600	-			-	2,537,600
26000	16400	Tenth Judicial District Attorney	931,400	-			-	931,400
26100	16500	Eleventh Judicial District Attorney/Division 1	2,995,300	-			-	2,995,300
26200	16600	Twelfth Judicial District Attorney	2,389,700	-			-	2,389,700
26300	16700	Thirteenth Judicial District Attorney	4,278,300	-			-	4,278,300
26400	16800	Administrative Office of the District Attorneys	1,793,900	-			-	1,793,900
26500	16900	Eleventh Judicial District Attorney/Division 2	1,910,700	-			-	1,910,700
		<b>Total - Judicial</b>	<u>190,590,500</u>	<u>-</u>			<u>-</u>	<u>190,590,500</u>
30500	17000	Attorney General	7,672,200	-			-	7,672,200
30500	27800	AG - Medicaid Fraud	485,100	-			-	485,100
30800	11100	State Auditor's Office	2,212,200	-			-	2,212,200
33300	17200	Taxation & Revenue Department - Operating	52,927,500	-			-	52,927,500
34100	00900	DFA - Computer Systems Enhancement Fund	-	-			-	-
34100	01000	Department of Finance and Administration - Operating	16,826,000	-			-	16,826,000
34100	20130	DFA - County Detention Reimbursement Fund	3,300,000	-			-	3,300,000
34100	20900	DFA - Board of Finance Emergency (85200)	1,550,698	-			-	1,550,698
34100	21000	DFA - Emergency Water Supply	118,400	-			-	118,400
34100	52900	DFA	-	-		Laws 2008, Chapter 92, Section 59, item 328	50,000	50,000
34100	61800	DFA - Leasehold Community Assistance	128,900	-			-	128,900
34100	62000	DFA Special Appropriations	-	-			-	-
34100	62400	Civil Legal Services Fund	1,610,700	-			-	1,610,700
34100	69700	DFA - Tobacco Settlement Program Fund	-	-		NMSA 6-4-9	39,320,878	39,320,878
35000	17400	General Services Department	12,803,900	-			-	12,803,900
35000	41700	General Services Department - State Aircraft Pool	-	-			-	-

Laws of 2012 - 50th Legislature - Second Session

Chapter 19				
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Total Appropriations Fiscal Year 2012
\$ -	\$ -		\$ -	\$ 5,368,200
-	-		-	3,842,300
-	-		-	1,101,100
-	-		-	1,054,509
-	-		-	1,181,708
-	-		-	3,853,177
-	-	Chapter 1, HB 1, Sec 1B (9), Section 9	1,248,600	4,924,600
-	-	Chapter 1, HB 1, Sec 1B (1,3,5,7)	1,991,600	2,463,960
-	-	Chapter 1, HB 1, Sec 1B (2,4,6,8)	2,308,300	2,836,100
-	-		5,548,500	26,625,654
-	-		-	1,483,800
-	-		-	-
-	-		-	706,900
-	-		-	5,339,400
-	-		-	2,783,900
-	-		-	50,600
-	-		-	30,000
-	-		-	5,433,800
500,000	-		-	500,000
-	-		-	118,800
-	-		-	2,315,900
-	300,000		-	22,366,100
-	296,000		-	4,096,400
-	74,800		-	4,511,900
-	27,000		-	804,500
-	-		-	5,890,900
41,800	63,000		-	20,208,600
-	-		-	5,827,400
-	22,300		-	1,965,600
-	-		-	5,651,300
-	-		-	2,893,400
-	-		-	2,055,400
-	-		-	2,562,300
-	-		-	2,973,100
-	-		-	718,600
-	-		-	4,416,500
-	-		-	1,122,000
-	-		-	2,555,000
-	-		-	271,800
-	-		-	6,007,600
-	-		-	21,087,900
-	-		-	4,455,400
-	-		-	15,866,300
-	-		-	4,185,000
-	-		-	2,852,800
-	-		-	4,074,000
-	-		-	2,358,800
-	-		-	2,190,600
-	-		-	2,346,200
-	-		-	2,537,600
-	-		-	931,400
-	-		-	2,995,300
-	-		-	2,389,700
-	-		-	4,278,300
-	-		-	1,793,900
-	-		-	1,910,700
541,800	783,100		-	191,915,400
-	-		-	7,672,200
-	-		-	485,100
-	-		-	2,212,200
-	-		-	52,927,500
16,654,000	-		-	16,654,000
-	50,000		-	16,876,000
-	-		-	3,300,000
-	-		-	1,550,698
-	-		-	118,400
-	-		-	50,000
-	-		-	128,900
3,450,000	-		-	3,450,000
-	-		-	1,610,700
-	-		-	39,320,878
-	500,000		-	13,303,900
-	-		-	-

# State of New Mexico

## Component Appropriation Funds

### Schedule of Appropriations

### For the Year Ended June 30, 2012

Laws of 2011 - 50th Legislature - First Session and First Special Session								
Chapter 179								
Agency No.	Share Fund No.	Share Fund Name	Section 4		Other Appropriations Chapter, Section	Amount Includes		Total
			Section 10 Reductions	Section 5 Amount		HB 2 Section 10 Reductions		
35400	34700	New Mexico Sentencing Commission	\$ 529,800	\$ -		\$ -	\$ -	\$ 529,800
35500	17500	Public Defender Department	38,898,400	-		-	-	38,898,400
35600	17600	Governor's Office	3,357,600	-		-	-	3,357,600
36000	17700	Lieutenant Governor's Office	671,000	-		-	-	671,000
36100	20370	Department of Information Technology	472,000	-		-	-	472,000
36900	17900	State Commission of Public Records	2,405,300	-		-	-	2,405,300
37000	18000	Secretary of State	4,351,300	250,000		-	-	4,601,300
37800	18100	State Personnel Board	3,852,400	-		-	-	3,852,400
37900	84800	Public Employees Labor Relations Board	212,600	-		-	-	212,600
39400	18200	State Treasurer's Office	3,550,800	-		-	-	3,550,800
		<b>Total - General Control</b>	<u>157,936,798</u>	<u>250,000</u>		<u>39,370,878</u>		<u>197,557,676</u>
34101	85300	Cumbres and Toltec Scenic Railroad Commission	87,000	-		-	-	87,000
41700	05600	NM Border Authority	77,600	-		-	-	77,600
41700	48000	NM Border Authority	253,800	-		-	-	253,800
41800	18800	Tourism Department	8,268,500	-		-	-	8,268,500
41800	38200	Tourism Department - New Mexico Magazine	-	-		-	-	-
41900	18900	Economic Development Department	6,455,000	-		-	-	6,455,000
41900	63800	Industrial Development (In-Plant Training)	-	-		-	-	-
42000	20120	Regulation and Licensing Department	28,800	-		-	-	28,800
42000	43300	Regulation and Licensing Department	12,561,300	-		-	-	12,561,300
43000	55000	Public Regulation Commission Operating	7,771,200	-		-	-	7,771,200
46000	19100	New Mexico State Fair	-	-		-	-	-
46500	53600	Gaming Control Board	5,180,200	-		-	-	5,180,200
46900	19200	State Racing Commission	1,849,300	-		-	-	1,849,300
49100	74800	Office of Military Base Planning and Support	119,300	-		-	-	119,300
49500	87100	New Mexico Space Port Authority	489,600	-		-	-	489,600
		<b>Total - Commerce and Industry</b>	<u>43,141,600</u>	<u>-</u>		<u>-</u>		<u>43,141,600</u>
50500	19300	Office of Cultural Affairs	26,933,000	-		-	-	26,933,000
50800	39500	New Mexico Livestock Board	454,400	-		-	-	454,400
52100	19900	Energy, Mineral and Natural Resource Department	10,288,900	-		-	-	10,288,900
52100	20010	EMNRD / State Parks	9,246,200	-		-	-	9,246,200
52100	21300	EMNRD - Emergency Fire/ Insect and Disaster	-	-	Executive Orders	12,000,000	-	12,000,000
53800	82900	Intertribal Ceremonial Office	30,000	-		-	-	30,000
55000	21400	Office of State Engineer	14,598,500	-		-	-	14,598,500
56900	04200	Organic Commodity Commission	-	-		-	-	-
		<b>Total - Agriculture, Energy and Natural Resources</b>	<u>61,551,000</u>	<u>-</u>		<u>12,000,000</u>		<u>73,551,000</u>
60100	04300	Commission on the Status of Women	-	-		-	-	-
60300	28400	Office of African American Affairs	695,400	-		-	-	695,400
60400	04600	Commission for Deaf and Hard of Hearing	300,000	-		-	-	300,000
60500	06000	Martin Luther King, Jr., Commission	172,700	-		-	-	172,700
60600	04700	Commission for the Blind	1,889,400	-		-	-	1,889,400
60900	04800	New Mexico Office of Indian Affairs	2,400,100	-		-	-	2,400,100
62400	04900	Aging and Long-term Services Dept. - Administration	40,663,900	-		-	-	40,663,900
62400	76800	ALTSD / Traumatic Brain Injury Fund	-	-		-	-	-
63000	05200	Human Services Department - General Operating Fund	99,913,200	-		-	-	99,913,200
63000	97500	HSD Income Support - Care & Support	10,075,800	-	Laws 2011, 1st SS, Chapter 2, SB 3, Sec 3	450,000	-	10,525,800
63000	97600	HSD Medical Assistance	857,306,800	-		-	-	857,306,800
63100	32900	NMDWS Operating Fund	3,217,400	-		-	-	3,217,400
64400	50000	Division of Vocational Rehabilitation	5,348,700	-		-	-	5,348,700
64500	05800	Governor's Commission on Disability	645,700	-		-	-	645,700
64700	07900	Developmental Disabilities Planning Council	4,135,300	-		-	-	4,135,300
66500	06100	Department of Health / General Operating	277,606,500	500,000		-	-	278,106,500
66500	20480	DOH - Fort Bayard Medical Center	4,050,000	-		-	-	4,050,000
66500	25700	DOH - Trauma System Fund	3,946,200	-		-	-	3,946,200
66500	75600	DOH - Emergency Medical Services	3,073,100	-		-	-	3,073,100
66500	95810	DOH - Birthing Workforce Retention	31,300	-		-	-	31,300
66700	06400	Department of Environment	11,354,900	-		-	-	11,354,900
66800	49300	Office of the Natural Resources Trustee	86,400	-		-	-	86,400
66900	61500	New Mexico Health Policy Commission	4,700	-		-	-	4,700
67000	06500	Veterans' Service Department	2,634,400	-		-	-	2,634,400
69000	06700	Children, Youth and Families Department	136,694,500	-		-	-	136,694,500
69000	20080	Children, Youth and Families Department	8,221,700	-		-	-	8,221,700
69000	20090	Children, Youth and Families Department	1,440,000	-		-	-	1,440,000
69000	48900	CYFD / Protective Services	19,045,100	-		-	-	19,045,100
69000	49100	CYFD / Child Care Payments Fund	26,788,500	-		-	-	26,788,500
69000	78000	CYFD / Children's Trust Fund Expendable	221,400	-		-	-	221,400
69000	83900	CYFD / Juvenile Community Corrections	2,658,600	-		-	-	2,658,600
69000	84100	CYFD / JIDP / Children's Justice	102,100	-		-	-	102,100
		<b>Total - Health, Hospitals and Human Services</b>	<u>1,524,723,800</u>	<u>500,000</u>		<u>450,000</u>		<u>1,525,673,800</u>

continued

Laws of 2012 - 50th Legislature - Second Session

Chapter 19				
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Total Appropriations Fiscal Year 2012
\$ -	\$ -		\$ -	\$ 529,800
-	-		-	38,898,400
-	-		-	3,357,600
-	-		-	671,000
-	-		-	472,000
-	-		-	2,405,300
-	1,013,000		-	5,614,300
-	-		-	3,852,400
-	-		-	212,600
-	-		-	3,550,800
<u>20,104,000</u>	<u>1,563,000</u>		-	<u>219,224,676</u>
-	-		-	87,000
-	-		-	77,600
-	-		-	253,800
-	-		-	8,268,500
-	1,560,000		-	1,560,000
-	-		-	6,455,000
6,000,000	-		-	6,000,000
-	-		-	28,800
100,000	50,000		-	12,711,300
-	-		-	7,771,200
-	-		-	-
200,000	-		-	5,380,200
-	-		-	1,849,300
-	20,000		-	139,300
-	-		-	489,600
<u>6,300,000</u>	<u>1,630,000</u>		-	<u>51,071,600</u>
-	58,300		-	26,991,300
500,000	-		-	954,400
-	-		-	10,288,900
-	-		-	9,246,200
-	-		-	12,000,000
-	-		-	30,000
-	-		-	14,598,500
-	-		-	-
<u>500,000</u>	<u>58,300</u>		-	<u>74,109,300</u>
125,000	-		-	125,000
-	-		-	695,400
-	-		-	300,000
-	-		-	172,700
-	-		-	1,889,400
-	-		-	2,400,100
-	922,300		-	41,586,200
-	-		-	-
-	-		-	99,913,200
-	-		-	10,525,800
-	35,000,000		-	892,306,800
-	-		-	3,217,400
-	324,800		-	5,673,500
50,000	-		-	695,700
10,000	112,000		-	4,257,300
-	-		-	278,106,500
-	-		-	4,050,000
-	-		-	3,946,200
-	-		-	3,073,100
-	-		-	31,300
-	-		-	11,354,900
-	-		-	86,400
-	-		-	4,700
-	161,000		-	2,795,400
-	-		-	136,694,500
-	-		-	8,221,700
-	-		-	1,440,000
-	-		-	19,045,100
-	-		-	26,788,500
-	-		-	221,400
-	-		-	2,658,600
-	-		-	102,100
<u>185,000</u>	<u>36,520,100</u>		-	<u>1,562,378,900</u>



**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Appropriations**  
**For the Year Ended June 30, 2012**

Laws of 2011 - 50th Legislature - First Session and First Special Session							
Chapter 179							
Agency No.	Share Fund No.	Share Fund Name	Section 4		Other Appropriations Chapter, Section	Amount Includes	
			Section 10	Section 5		HB 2	Section 10
			Reductions	Amount		Reductions	Total
70500	07000	Dept. of Military Affairs - Adjutant General Emergency	\$ -	\$ -	Executive Order	\$ 1,750,000	\$ 1,750,000
70500	93200	Dept. of Military Affairs - Service Member Life Ins	1,158,000	-		-	1,158,000
70500	99200	Department of Military Affairs	5,139,600	-		-	5,139,600
76000	90500	Parole Board	442,700	-		-	442,700
76500	90600	Juvenile Parole Board	24,100	-		-	24,100
77000	90200	Community Corrections Program	2,897,900	-		-	2,897,900
77000	90700	Corrections Department	228,176,800	-		-	228,176,800
77000	91500	Probation & Parole Division	25,901,800	-		-	25,901,800
78000	90900	Crime Victims Reparation Commission	1,674,000	-		-	1,674,000
79000	12800	Department of Public Safety	86,218,800	-		-	86,218,800
79000	93100	Department of Public Safety	-	-	Laws 2011, 1st SS, Chapter 5, Sec 17	4,000,000	4,000,000
79500	20050	Homeland Security	2,467,600	-		-	2,467,600
79500	20380	Homeland Security - Governor's Disaster Declarations	-	-	Executive Order	3,850,000	3,850,000
		<b>Total - Public Safety</b>	<u>354,101,300</u>	<u>-</u>		<u>9,600,000</u>	<u>363,701,300</u>
80500	20100	Department of Transportation / Road Fund	-	-		-	-
		<b>Total - Transportation</b>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
92400	05700	Public Education Department	10,534,200	-		-	10,534,200
92400	51300	PED / Pre Kindergarten Fund	6,292,600	-		-	6,292,600
92400	79000	PED / Special Projects	10,763,200	-		-	10,763,200
92400	79000	PED / Special Projects	-	2,500,000		-	2,500,000
		<b>Total - Other Education</b>	<u>27,590,000</u>	<u>2,500,000</u>		<u>-</u>	<u>30,090,000</u>
34100	10300	San Juan College	21,801,000	-		-	21,801,000
34100	10400	New Mexico Junior College	5,829,300	-		-	5,829,300
34100	10500	New Mexico State University	175,341,500	-		-	175,341,500
34100	10600	Central New Mexico Community College	43,086,000	-		-	43,086,000
34100	10700	Eastern New Mexico University	39,373,100	-		-	39,373,100
34100	10800	Luna Vocational Technical Institute	7,448,100	-		-	7,448,100
34100	10900	Santa Fe Community College	12,166,100	-		-	12,166,100
34100	22200	New Mexico Highlands University	27,433,700	-		-	27,433,700
34100	22300	Mesalands Community College	4,179,400	-		-	4,179,400
34100	22400	New Mexico Institute of Mining and Technology	34,596,600	-		-	34,596,600
34100	22400	New Mexico Institute of Mining and Technology (851)	-	-		-	-
34100	22600	New Mexico Military Institute	1,816,100	-		-	1,816,100
34100	22700	Western New Mexico University	16,532,500	-		-	16,532,500
34100	22800	Northern New Mexico Community College	10,091,200	-		-	10,091,200
34100	23000	Clovis Community College	8,428,800	-		-	8,428,800
34100	23100	New Mexico School for the Blind and Visually Impaired	675,202	-		-	675,202
34100	23200	New Mexico School for the Deaf	3,385,300	-		-	3,385,300
34100	23300	University of New Mexico	268,562,300	-		-	268,562,300
95000	21600	HED/Special Programs	21,884,600	-		-	21,884,600
95000	78200	HED/Performance Development	2,563,000	-		-	2,563,000
95000	91000	Higher Education Department/Operations	-	-		-	-
95000	91000	Higher Education Department/Operations	11,371,500	-		-	11,371,500
		<b>Total - Higher Education</b>	<u>716,565,302</u>	<u>-</u>		<u>-</u>	<u>716,565,302</u>
92400	63300	PED / Indian Education	1,824,600	-		-	1,824,600
92400	72500	Public School Energy Fund	303,613	-		-	303,613
92400	79000	PED / Dual Credit Instructional Materials	812,300	-		-	812,300
92400	85600	Instructional Material Fund	15,092,800	-		-	15,092,800
92400	85800	Public School Support/ML (851)	-	-		-	-
92400	85800	Public School Support/CS (717)	-	-		-	-
92400	85800	Public School Support/ ACF (854)	-	-		-	-
92400	85800	Public School Support	2,320,388,766	-		-	2,320,388,766
		<b>Total - Public School Support</b>	<u>2,338,422,079</u>	<u>-</u>		<u>-</u>	<u>2,338,422,079</u>
		<b>Total - Component Appropriation Accounts</b>	<u>5,418,507,556</u>	<u>3,250,000</u>		<u>78,612,855</u>	<u>5,500,370,411</u>

continued

Laws of 2012 - 50th Legislature - Second Session				
Chapter 19				
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Total Appropriations Fiscal Year 2012
\$ -	\$ -		\$ -	\$ 1,750,000
-	-		-	1,158,000
-	-		-	5,139,600
-	-		-	442,700
-	-		-	24,100
-	-		-	2,897,900
-	-		-	228,176,800
-	-		-	25,901,800
253,000	-		-	1,927,000
200,000	200,000		-	86,618,800
-	-		-	4,000,000
-	-		-	2,467,600
-	-		-	3,850,000
<u>453,000</u>	<u>200,000</u>		<u>-</u>	<u>364,354,300</u>
-	-		-	-
-	-		-	-
-	-		-	10,534,200
-	-		-	6,292,600
-	-		-	10,763,200
<u>5,500,000</u>	<u>-</u>		<u>-</u>	<u>8,000,000</u>
<u>5,500,000</u>	<u>-</u>		<u>-</u>	<u>35,590,000</u>
-	-		-	21,801,000
-	-		-	5,829,300
-	-		-	175,341,500
-	-		-	43,086,000
-	-		-	39,373,100
-	-		-	7,448,100
-	-		-	12,166,100
-	-		-	27,433,700
-	-		-	4,179,400
-	-		-	34,596,600
-	-		-	-
-	-		-	1,816,100
-	-		-	16,532,500
-	-		-	10,091,200
-	-		-	8,428,800
-	-		-	675,202
-	-		-	3,385,300
-	-		-	268,562,300
-	-		-	21,884,600
-	-		-	2,563,000
-	-		-	-
<u>200,000</u>	<u>85,000</u>		<u>-</u>	<u>11,656,500</u>
<u>200,000</u>	<u>85,000</u>		<u>-</u>	<u>716,850,302</u>
-	-		-	1,824,600
-	-		-	303,613
-	-		-	812,300
-	-		-	15,092,800
-	-		-	-
-	-		-	-
-	-		-	-
-	-		-	2,320,388,766
<u>-</u>	<u>-</u>		<u>-</u>	<u>2,338,422,079</u>
<u>33,783,800</u>	<u>40,839,500</u>		<u>5,548,500</u>	<u>5,580,542,211</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
12900	Legislative Council Services	\$ 629,073
13000	Legislative Finance Committee	234,291
74300	Legislative Council Services-Senate	287,207
74400	Legislative Council Services-House	234,162
13100	Legislative Education Study Committee	113,874
13200	Legislative Building Services	152,563
13400	New Mexico Supreme Court Law Library	1,372
13500	Judicial Standards Commission	1,669
13700	Court of Appeals	10,000
13800	Supreme Court	1,682
13900	Administrative Office of the Courts	180,712
79400	Administrative Office of the Courts	384
14000	Supreme Court Building	1,824
14100	First Judicial District Court	384
14200	Second Judicial District Court	40,101
14300	Third Judicial District Court	15,236
92400	Third Judicial District Court	10,731
14400	Fourth Judicial District Court	5,038
14600	Sixth Judicial District Court	13,660
14700	Seventh Judicial District Court	19,518
14800	Eighth Judicial District Court	11,953
14900	Ninth Judicial District Court	4,732
14900	Ninth Judicial District Court	2,420
15000	Tenth Judicial District Court	1,711
15100	Eleventh Judicial District Court	3,160
15200	Twelfth Judicial District Court	26,669
92900	Twelfth Judicial District Court	17,056
15400	Bernalillo County Metro. Court	22,307
15500	First Judicial District Attorney	19,348
15700	Fifth Judicial District Attorney	26
16000	Sixth Judicial District Attorney	1,253
16100	Seventh Judicial District Attorney	30,695
16200	Eighth Judicial District Attorney	60
16400	Tenth Judicial District Attorney	1,920
16500	Eleventh Judicial District Attorney	2,443
16600	Twelfth Judicial District Attorney	44,292
16800	Administrative Office of the District Attorney	8,987
16900	Eleventh Judicial District Attorney ( Division II)	43,320
11100	State Auditor's Office	1,839
17200	Taxation and Revenue Department	2,552,667
27900	Corporate Income Taxes	59,127,931
64200	Regular Income Tax - PIT	36,126,058

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities — continued**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
82500	Motor Vehicle Excise Tax	\$ 10,288,397
82500	Weight Distance Tax	73,119
82500	Traffic Violations/Penalty Assessment	558,148
82500	Court Fines	140
82800	Fiduciary Income Taxes	1,049,032
82800	Bingo and Raffle Tax	31,544
82800	Liquor Tax /Alcoholic Beverages	4,843,901
82800	Gasoline Tax	1,260,536
82800	Special Fuel Tax	(2,012)
82800	911 Emergency Surcharge Tax	(2,028)
82800	Luxury Tax (TAA)	1,128,332
82800	Luxury Tax	11,634,755
82800	Gaming Tax	10,644,925
82800	Telecommunications Relay Surcharge	16,157
82800	Environment Dept. Filing Fees	1,456
83100	Worker's Compensation	3,384
83200	Withholding Taxes	156,100,084
83200	Gross Receipt Tax	339,258,610
83200	Compensating Tax	12,480,141
83200	Lease Vehicle Surcharge	1,058,105
83300	Severance - School Tax	89,678,869
83300	Severance Tax - Processors	3,772,981
83300	Severance - Conservation Resource	177,254
83300	Severance - Conservation	4,865,052
83300	Resource Excise - Copper	797,430
83300	Resource Excise - Potash	120,310
83300	Resource Excise - Others	1,201,414
60100	Land Grant Permanent Fund	38,529,423
60200	Severance Tax Permanent Fund Income	15,285,292
01000	Department of Finance and Administration	1,145,899
20900	Department of Finance and Administration	270,595
21000	Department of Finance and Administration	84,165
23300	University of New Mexico	97,467
52900	Department of Finance and Administration	349,390
58100	Department of Finance and Administration	193
62000	Department of Finance and Administration	4,678
73600	DFA Law Enforcement Protection	8,291,058
73700	DFA Small County Assistance	3,576,387
96600	Department of Finance and Administration	7,500
17400	General Services Department	691,635
17500	Public Defender Department	704,472
75300	Public Defender Department	7,918

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities — continued**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
17600	Governor's Office	\$ 201,837
17700	Lt. Governor's Office	274,450
17900	State Commission of Public Records	233,935
18000	Secretary of State	93,661
79900	Notary Public Fees	3,293
18100	State Personnel Board	36,342
84800	Public Employees Labor Relations Board	236,454
N/A	Tobacco Luxury/New Mexico Finance Authority	809,411
02000	Tribal Revenue Sharing (Indian Gaming)	16,981,022
18200	State Treasurer's Office	97,246
80100	State Treasurer Earnings on State Balances	1,890,410
18800	Tourism Department	169,472
18900	Economic Development Department	706,688
43301	Regulation and Licensing Department	367,127
43505	Financial Institution Receipts	1,160
43605	Manufactured Housing Receipts	50,819
43705	Construction Industries Receipts	445,104
43805	Securities Receipts	40,070
80805	Alcoholic and Gaming Fees	11,980
50300	Corporate Filing	418
50500	Pipeline Fees	500
50600	Public Utilities	27
50800	PRC Insurance Taxes	19,326,860
55000	Public Regulation Commission	247,855
57800	Fire Protection Fund - Insurance Fees	18,812,069
53600	Gaming Control Board	391,168
19200	State Racing Commission	89,843
19300	Department of Cultural Affairs	307,068
19900	Energy, Mineral and Natural Resources Department	8,950
77300	Boat Excise Tax	125,545
21300	Energy, Mineral and Natural Resources Department	395,615
21400	State Engineers Office	349,636
26700	State Engineers Office	18,177
04900	Aging and Long-term Services Department	145,873
32900	Workforce Solutions Department	5,000
50000	Division of Vocational Rehabilitation	212,346
50204	Death and Birth Certificate Fees	223,908
Various	Department of Health	10,624,932
10350	Environment Department	188,808
10360	Environment Department	41,288
49300	Office of the Natural Resources Trustee	2,193
06500	Department of Veteran Services	86,429

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities — continued**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
07000	Military Affairs Department	\$ 325,603
99200	Military Affairs Department	582,363
90500	Adult Parole Board	12,454
90700	Corrections Department	6,331,316
90900	Crime Victims Reparation Committee	5,841
12800	Department of Public Safety	764,394
78600	Department of Public Safety	42,127
10070	Department of Transportation	26,766
Various	Public Education Department	3,518,959
		<u>\$ 905,955,248</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due from Tax Payers**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
27900	Corporate Income Tax	\$ 1,218,255
64200	Regular Income Tax OGP Withholding	344,786
64200	OGP - Remitter	1,611,373
64200	PTW - Owner	23,295
64200	PTW - Remitter	884,004
64200	Personal Income Tax	7,340,757
82800	Fiduciary	18,181
82800	Tobacco Tax	4,843
83100	Workers' Compensation	17,059
83200	Withholding Taxes	4,896,705
83200	Gross Receipt Tax	7,318,962
83200	Compensating Tax	(587,132)
		<u>\$ 23,091,088</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due to Other State Entities**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
13300	Legislature	\$ 533,100
20900	Department of Finance and Administration	87,000
23500	Public Regulation Commission	<u>529,238</u>
		<u>\$ 1,149,338</u>



**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due to Local Governments**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
832	Taxation and Revenue Dept. (Unidentified 60 Day Remittance)	\$ 16,436,760
		<u>\$ 16,436,760</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due to Taxpayers**  
**For the Year Ended June 30, 2012**

Share System Fund Number	Description	Amount
833	Taxation and Revenue Dept. (Oil & Gas Advance Payments)	\$ 31,918,775
		<u>\$ 31,918,775</u>

Independent Auditors' 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*

Mr. Thomas E. Clifford, Ph.D., Cabinet Secretary Designate  
State of New Mexico  
Department of Finance and Administration  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of each of the statutorily and Administratively created funds that comprise the Component Appropriation Funds of the State of New Mexico (the "Component Appropriation Funds"), as of and for the year ended June 30, 2012, as listed in the table of contents and have issued our report thereon dated December 17, 2012. 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.

*Internal Control Over Financial Reporting*

Management of the Component Appropriation Funds is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Component Appropriation Funds' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Component Appropriation Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Component Appropriation Funds' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *schedule of*

*findings and responses*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2012-1 to be a material weakness.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Component Appropriation Funds' 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The Component Appropriation Funds' response to the finding identified in our audit is described in the accompanying *schedule of findings and responses*. We did not audit the Component Appropriation Funds' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Department of Finance and Administration, others within the entity, and the NM Office of the State Auditor, the New Mexico Legislature, and is not intended to be and should not be used by anyone other than these specified parties.

REDW LLC

Albuquerque, New Mexico  
December 17, 2012

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2012**

**Section I — Financial Statement Findings**

**FS 12-01 — Consideration of State Government Issues (Material Weakness)**

---

*Criteria:* The Component Appropriate Funds are a part of the State of New Mexico financial reporting entity. Procedures should be in place to ensure that reporting by the Component Appropriation Funds is consistent with other funds, departments and agencies within state government. Such procedures should ensure that situations within state government with potential to impact the Component Appropriation Funds are identified and evaluated. This evaluation may result in the need for recognition in the accounts of the Component Appropriation Funds and/or financial statement disclosure.

*Condition:* The State of New Mexico uses the General Fund Investment Pool (the Pool) to facilitate cash management by the various departments, agencies and funds within State government. Pool cash and investments are managed by the New Mexico Office of State Treasurer and, by statute, responsibility for reconciling the Pool rests with the New Mexico Department of Finance and Administration. The Component Appropriations Funds invest in the Pool, but are not responsible for managing Pool assets or reconciling the Pool.

As described in Note 6 to the financial statements, the Pool has not been reconciled and management considers it probable that its ultimate reconciliation will result in at least a \$70 million loss to the General Operating Reserve Fund. Accrual for this probable loss was recorded as an audit adjustment as of June 30, 2012 because procedures were not in place to timely identify and evaluate situations within state government with the potential to necessitate accounting recognition and/or financial statement disclosure by the Component Appropriation Funds.

*Cause and Effect:* Procedures were not in place to ensure that State government issues with potential impact on the Component Appropriations Funds were identified, evaluated and where applicable, recorded and/or disclosed in the financial statements. As a result, financial statement amounts and/or disclosures may be inaccurate or inadequate.

*Auditors' Recommendations:* Establish control procedures to ensure that the impact of state government issues with the potential to impact the Component Appropriation Funds are identified and evaluated and that accounting recognition and/or disclosure occurs, when appropriate, in accordance with generally accepted accounting standards.

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2012**

Section I — Financial Statement Findings

FS 12-01 — Consideration of State Government Issues (Material Weakness) — continued

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*Management's Response:* Management agrees with this finding and the recommendations. Remediation efforts to correct the DFA's inability to reconcile cash balances within the General Fund Investment Pool have been under way since the Fall 2012. An outside contractor has been hired to help DFA implement the corrective actions necessary to generate accurate and timely book to bank reconciliations. As part of these corrective actions, the DFA is developing internal control processes to more timely identify impacts to the Component Appropriation Funds and to intervene to mitigate potential impacts.

The remediation project for cash reconciliation is progressing and should be complete by the end of March 2013.

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2012**

No findings were reported in the prior year.

**State of New Mexico**  
**Component Appropriation Funds**  
**Exit Conference**  
**For the Year Ended June 30, 2012**

**Exit Conference**

An exit conference was conducted on December 13, 2012, in which the contents of this report were discussed with the following:

**Component Appropriation Funds Management**

Mr. Thomas E. Clifford, Ph.D., Cabinet Secretary, DFA  
Ricky Bejarano, CPA, State Controller and Director, Financial Control Division, DFA  
Steve Gonzales, Deputy Director, Financial Control Division, DFA

**REDW<sub>LLC</sub>**

Bruce Bleakman	Principal
Javier Machuca	Senior Manager