

**State Of New Mexico
Component Appropriation Funds
Annual Financial Report
Fiscal Year Ended June 30, 2013**



*Annual Financial Report
And
Independent Auditor's Report*

REDW^{LLC}
CPAs | Business & Financial Advisors

State of New Mexico Component Appropriation Funds

Table of Contents

	<u>Page</u>		
Official Roster	1		
Independent Auditor’s Report	2-4		
Management’s Discussion and Analysis (Unaudited)	5-12		
Basic Financial Statements			
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"> • Common School Current Fund • Current School Fund • State Support Reserve Fund • Tobacco Settlement Permanent Fund </td> <td style="width: 50%; vertical-align: top;"> <u>Administratively Created Funds</u> <ul style="list-style-type: none"> • Appropriation Account Fund • Federal Mineral Leasing Fund • Appropriation Contingency Reserve Fund • General Operating Reserve Fund • Tax Stabilization Reserve Funds </td> </tr> </table>	<u>Statutorily Created Funds</u> <ul style="list-style-type: none"> • Common School Current Fund • Current School Fund • State Support Reserve Fund • Tobacco Settlement Permanent Fund 	<u>Administratively Created Funds</u> <ul style="list-style-type: none"> • Appropriation Account Fund • Federal Mineral Leasing Fund • Appropriation Contingency Reserve Fund • General Operating Reserve Fund • Tax Stabilization Reserve Funds 	
<u>Statutorily Created Funds</u> <ul style="list-style-type: none"> • Common School Current Fund • Current School Fund • State Support Reserve Fund • Tobacco Settlement Permanent Fund 	<u>Administratively Created Funds</u> <ul style="list-style-type: none"> • Appropriation Account Fund • Federal Mineral Leasing Fund • Appropriation Contingency Reserve Fund • General Operating Reserve Fund • Tax Stabilization Reserve Funds 		
Statements of Revenues, Expenditures and Changes in Fund Balances	14		
<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"> • Common School Current Fund • Current School Fund • State Support Reserve Fund • Tobacco Settlement Permanent Fund </td> <td style="width: 50%; vertical-align: top;"> <u>Administratively Created Funds</u> <ul style="list-style-type: none"> • Appropriation Account Fund • Federal Mineral Leasing Fund • Appropriation Contingency Reserve Fund • General Operating Reserve Fund • Tax Stabilization Reserve Funds </td> </tr> </table>	<u>Statutorily Created Funds</u> <ul style="list-style-type: none"> • Common School Current Fund • Current School Fund • State Support Reserve Fund • Tobacco Settlement Permanent Fund 	<u>Administratively Created Funds</u> <ul style="list-style-type: none"> • Appropriation Account Fund • Federal Mineral Leasing Fund • Appropriation Contingency Reserve Fund • General Operating Reserve Fund • Tax Stabilization Reserve Funds 	
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Notes to the Financial Statements	15-28		
Supplementary Information			
Schedule of Revenue by Source	29-30		
Schedule of Appropriations	31-33		
Schedule of Amounts Due From Other State Entities	34-36		

State of New Mexico
Component Appropriation Funds

Table of Contents — continued

	<u>Page</u>
Supplementary Information — continued	
Schedule of Amounts Due from Taxpayers	37
Schedule of Amounts Due to Local Governments	38
Schedule of Amounts Due to Taxpayers	39
Independent Auditor’s 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>	40-41
Schedule of Audit Findings and Responses	42-44
Schedule of Prior Year Audit Findings	45
Corrective Action Plan	46
Exit Conference	47

**State of New Mexico
Component Appropriation Funds**

**Official Roster
June 30, 2013**

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 Auditor's Report

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

Report on the Financial Statements

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 (the "Component Appropriation Funds") as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013, 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.

Opinions

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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed on Note 6, the accompanying financial statements of the General Operating Reserve fund report a \$70 million allowance for potential loss 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Component Appropriation Funds' basic 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.

Other Reports Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the Component Appropriation Funds' internal control over financial reporting and on our tests of the 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.

REDW LLC

Albuquerque, New Mexico
December 13, 2013

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

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.

Financial Highlights

The Funds ended the year with aggregate reserves of 11.9% of recurring current year appropriations as compared to 13.1% in fiscal year 2012.

In fiscal year 2013 the aggregate fund balance of the Component Appropriation Funds decreased by \$41.6 million. In fiscal years 2012 and 2011, fund balance of the Component Appropriation Funds increased by \$208.2 million and \$227.7 respectively. The decrease in fiscal year 2013 is attributable to appropriations increasing by 4.4% and revenues decreasing by 1.1% compared with the previous years.

As of June 30, 2013, the General Fund Operating Reserve Fund reports a contingent liability of \$70.0 million 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

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

result from a reconciliation process currently underway, as described in Note 6 to the financial statements.

Fiscal year 2013 compares to fiscal year 2012 as follows:

- General and selective taxes are the largest revenue source, contributing 41% of total aggregate revenues in fiscal year 2013. Those revenues decreased by \$30.2 million or 1.2%. From the general and selective taxes, only motor vehicle excise tax had a significant increase of \$10.8 million or 9.4%. Income taxes are the second largest revenue source contributing 26% of the total revenues. Those revenues increased by \$76.6 million or 5.4%. Personal income tax increased by \$92.1 million and corporate income tax decreased by \$13.9 million or 4.9%.
- Rents and royalties decreased by \$90.8 million or 15.3%. Federal royalties and state land bonuses were less than expected, resulting from decreased oil prices and volumes. Land office income decreased by \$47.9 million or 51.8% and federal mineral leasing decreased by \$42.9 million or 8.5%.
- Appropriations increased by \$245.5 million or 4.4% from June 30, 2012. Public school support increased by \$64.4 million or 2.8%, other education increased by \$55.4 million or 155.6%, while higher education increased by \$41.1 million or by 5.7%.

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 revenues, 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. As reported in the Schedule of Appropriations on pages 30 -32.

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 28 of this report.

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

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 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 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 \$671.4 million, a decrease of \$41.6 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)

	2013	2012	
Assets	\$ 1,749.9	\$ 1,448.1	
Liabilities	(1,078.5)	(735.2)	
Fund balance	\$ 671.4	\$ 712.9	

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 and the partially restricted General Operating Reserve Fund.

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, \$22.6 million, to be available for appropriation.

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

Aggregate Change in Fund Balances

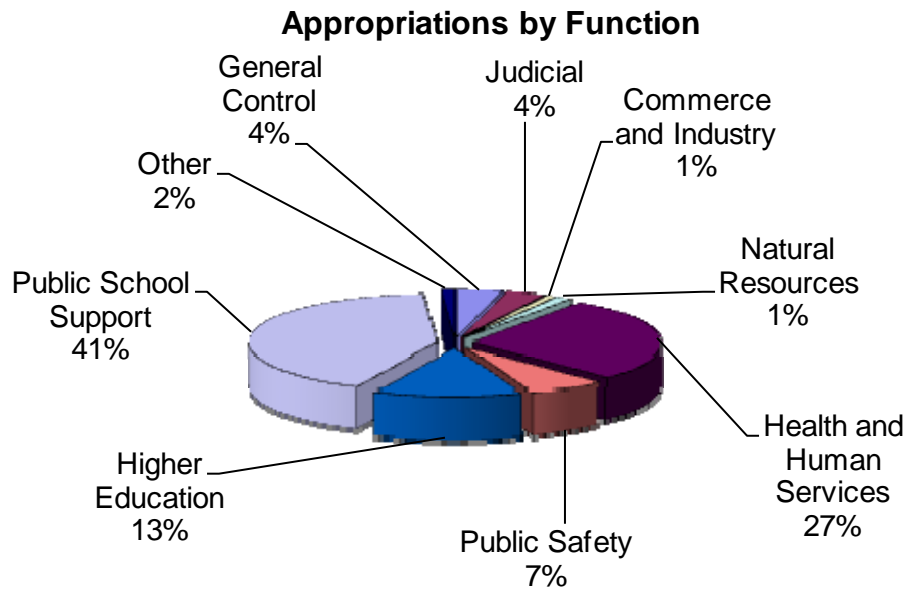
Year Ended June 30,
(in millions of dollars)

	2013	2012	Increase (Decrease)
Revenues			
General and selective taxes	\$ 2,397.8	\$ 2,428.0	\$ (30.2)
Income taxes	1,508.1	1,431.5	76.6
Severance taxes	438.4	456.4	(18.0)
License fees	50.0	49.6	0.4
Investment income	653.0	662.8	(9.8)
Rents and royalties	504.3	595.1	(90.8)
Miscellaneous receipts	233.1	224.0	9.1
Total revenues	5,784.5	5,847.4	(62.9)
Expenditures			
Appropriations			
General control	233.8	219.2	14.6
Legislative	27.3	26.6	0.7
Judicial	201.0	191.9	9.1
Commerce and industry	51.1	51.1	0.0
Natural resources	84.0	74.1	9.9
Health and human services	1,590.3	1,562.4	27.9
Public safety	386.8	364.4	22.4
Higher education	758.0	716.9	41.1
Public school support	2,402.8	2,338.4	64.4
Other education	91.0	35.6	55.4
Total appropriations	5,826.1	5,580.6	245.5
Excess (deficit) of revenues over appropriations and expenditures	(41.6)	266.8	(308.4)
Other Financing Sources			
Transfers In	-	11.4	(11.4)
Total other financing sources	-	11.4	(11.4)
Special item (Note 6)	-	(70.0)	70.0
Net change in fund balance	(41.6)	208.2	(249.8)
Fund balance - beginning	712.9	504.7	208.2
Fund balance - ending	\$ 671.3	\$ 712.9	\$ (41.6)

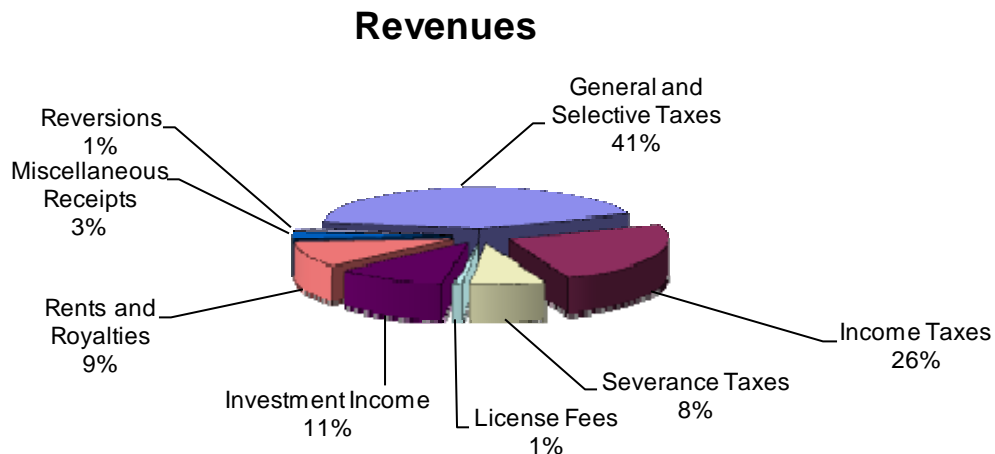
State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

The Funds' aggregate fund balances decreased by \$41.6 million in fiscal year 2013 compared to a \$208.2 million increase in 2012. In fiscal year 2013, revenues decreased 1.1% compared to 2012, while appropriations increased 4.4%.

Appropriations by Function



Aggregate Revenues



State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

Economic Factors Affecting New Mexico's Fiscal Year 2013 Budget

New Mexico's General Fund operating budget is based on a revenue forecast prepared by a team of economists from the legislative and executive branches. This "consensus group" bases their revenue forecast on forecasts of the U.S. economy by IHS Global Insight and Moody's Analytics in combination with forecasts of the New Mexico economy provided by the University of New Mexico's Bureau of Business and Economic Research and Moody's Analytics. These data are supplemented with information provided by state agencies, the Congressional Budget Office, and other national data sources. Detailed information on the production of crude oil and natural gas are derived from the State's ONGARD reporting system.

Trends in the U.S. Economy

U.S. gross domestic product grew by 2.0 percent during FY13. Growth was slowed by "fiscal drag" from federal spending cuts and tax increases. On the positive side, these changes have reduced the federal deficit significantly, which has reduced the risks of inflation and financial volatility. Consumer spending has grown at a modest pace, in part due to the wealth effect of improved house values and higher stock prices. Low interest rates have reduced household debt burdens, and also strengthened the demand for housing and automobiles. Job growth has been steady, and layoffs have fallen to pre-recessionary levels. However, reductions in federal spending have delayed economic recovery in New Mexico because of the state's extensive reliance on federal government expenditures.

New Mexico Economy

The New Mexico economy remained stagnant in FY13. Employment growth was minimal during the early months, and total employment remained stuck near the low point reached during the recession of 2008-2009. In addition to the pullback of stimulus funding, the state has been impacted by reduced federal spending at the state's national research laboratories and other federal installations. The government sector continues to be a drag on growth, however, the recovery in the housing market prompted the first significant growth in construction employment since the end of the recession. The State's crude oil producing businesses were a source of strength as oil production climbed by 17.5 percent during the fiscal year. In addition, the tourism and hospitality sector has experienced a recent rebound. When accounting for seasonal variation, total employment grew 0.4 percent for the full fiscal year, while private sector employment was up 0.7 percent. New Mexico's unemployment rate at 6.7 percent continues to be significantly lower than the national average of 7.6 percent.

2013 General Fund Revenue

Total General Fund revenues fell by 1.6 percent during FY13. About half of the decline was attributable to lower oil and gas prices, a reflection of national and international trends in energy markets. Oil and gas production generated approximately 16.5 percent of total General Fund

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

revenue in FY13. Other declining revenues included the Insurance Premiums Tax, Compensating Tax (the state's version of a use tax), and distributions from the state's Permanent Funds. The latter are determined by constitutional formula, and the annual distribution from the larger Fund decreased from 5.8 percent to 5.5 percent in FY13. Another decrease, to 5.0 percent, is to take effect in FY17. The state's broad-based taxes saw minimal growth during FY13, with the exception of personal Income Tax (PIT) collections, which grew by 7.9 percent.

Most of the decline in FY13 General Fund revenue was anticipated by the consensus group, as actual revenue came in as forecast in December 2012. Gross receipts tax (GRT) revenue was 3.2 percent below forecast, primarily due to reduced federal procurement spending. The GRT is a broad-based tax on most business receipts, and is the State's single largest revenue source, contributing roughly one-third of general fund revenue as well as a substantial portion of local government revenues. Corporate Income Tax collections also fell below forecast, apparently a reflection of the sluggish national rate of economic growth.

Mineral production taxes, bonuses and royalties totaled \$943 million in FY13, a decrease of 9 percent from FY12. Weak energy prices early in the fiscal year, as well as lackluster state lease sales have contributed to the decline. In addition, the federal government sequestered about \$21 million in Federal Mineral Leasing (FML) revenues. According to the federal Office of Natural Resource Revenues (ONRR), these revenues will be returned to the state in federal FY14.

General Fund Revenue Outlook

Total revenue is projected to increase 2.7 percent in FY14 and 5.5 percent in FY15. The FY14 increase is largely attributable to stronger energy prices along with rapid oil production growth. GRT revenues are anticipated to bounce back due to a reduction in High Wage Jobs Tax Credit payments. New requirements for the credit passed during the 2013 legislative session have improved targeting of the credit and allowed an increased denial rate on existing claims. The FY15 general fund growth reflects trends in broad-based revenues as well as the recent strong investment performance of the state's Permanent Funds. Insurance premiums tax revenue is forecast to increase due to the Affordable Care Act. Timing and magnitude of these changes is uncertain, but New Mexico seems likely to benefit due to the expansion of Medicaid – portions of which generate premiums tax revenue – as well as the state's relatively high uninsured rate.

Major changes were made to the corporate income tax during the 2013 legislation that will phase in over the next several years. These changes will reduce corporate tax rates and allow single sales factor income apportionment for manufacturers. Although "static" estimates show the changes reducing revenue growth slightly between FY17 and FY21, the measures are likely to encourage new business investment and economic growth, with positive effects on state revenues.

State of New Mexico
Component Appropriation Funds
Management's Discussion and Analysis
June 30, 2013

General Fund Reserves

Despite the 1.6 percent decrease of General Fund revenue during FY13, General Fund reserves were a healthy 11.9 percent of recurring appropriations at the end of the year. In part this was due to unexpected revenue strength in FY12, which contributed to strong beginning balances. In addition, the consensus forecast group accurately anticipated the revenue decline, and the Legislature and Executive agreed to restrain recurring spending growth in FY13 to the reduced level forecast by the group. Preserving an adequate reserve level will be a major challenge for the 2014 legislative session, however, as non-recurring spending pressures are expected to put downward pressure on reserves despite forecast revenue growth of 2.7 percent in FY14.

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, 2013

	Statutorily Created Funds			
	Common School Current	Current School	State- support Reserve	Tobacco Settlement Permanent Fund
Assets				
Assets				
Investments, State Treasurer (Note 2)	\$ -	\$ 185	\$ 1,000,000	\$ -
Investments, State Investment Council (Note 2)	-	-	-	170,165,575
Due from other state general fund accounts	-	36,793,996	-	-
Due from other state entities	36,793,996	-	-	-
Due from taxpayers	-	-	-	-
Total assets	<u>\$ 36,793,996</u>	<u>\$ 36,794,181</u>	<u>\$ 1,000,000</u>	<u>\$ 170,165,575</u>
Liabilities and Fund Balances				
Liabilities				
Unearned revenues	\$ -	\$ -	\$ -	\$ -
Advance from State General Fund				
Investment Pool (Note 3)	-	-	-	-
Due to other state general fund accounts	36,793,996	36,794,181	-	-
Due to local governments	-	-	-	-
Due to taxpayers	-	-	-	-
Allowance for potential loss on State				
General Fund Investment Pool (Note 6)	-	-	-	-
Total liabilities	<u>36,793,996</u>	<u>36,794,181</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	-	-	-	170,165,575
Unassigned	-	-	1,000,000	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>170,165,575</u>
Total liabilities and fund balances	<u>\$ 36,793,996</u>	<u>\$ 36,794,181</u>	<u>\$ 1,000,000</u>	<u>\$ 170,165,575</u>
SHARE system fund number	71600	71700	85700	95200

Administratively Created Funds

Appropriation Account	Federal Mineral Leasing	Appropriation Contingency Reserve	General Operating Reserve	Tax Stabilization Reserve	Eliminations	Total June 30, 2013 (Memorandum Only)
\$ -	\$ -	\$ 16,818,269	\$ 415,687,655	\$ 147,469,056	\$ -	\$ 580,975,165
-	-	-	-	-	-	170,165,575
55,268,146	-	-	-	-	(92,062,142)	-
930,654,659	-	8,622,890	92,051	-	-	976,163,596
<u>22,570,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,570,063</u>
<u>\$ 1,008,492,868</u>	<u>\$ -</u>	<u>\$ 25,441,159</u>	<u>\$ 415,779,706</u>	<u>\$ 147,469,056</u>	<u>\$ (92,062,142)</u>	<u>\$ 1,749,874,399</u>
\$ 22,570,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,570,063
928,682,430	-	-	-	-	-	928,682,430
-	-	-	18,473,965	-	(92,062,142)	-
23,906,697	-	-	-	-	-	23,906,697
33,333,678	-	-	-	-	-	33,333,678
<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000,000</u>	<u>-</u>	<u>-</u>	<u>70,000,000</u>
<u>1,008,492,868</u>	<u>-</u>	<u>-</u>	<u>88,473,965</u>	<u>-</u>	<u>(92,062,142)</u>	<u>1,078,492,868</u>
-	-	-	20,000,000	-	-	190,165,575
<u>-</u>	<u>-</u>	<u>25,441,159</u>	<u>307,305,741</u>	<u>147,469,056</u>	<u>-</u>	<u>481,215,956</u>
<u>-</u>	<u>-</u>	<u>25,441,159</u>	<u>327,305,741</u>	<u>147,469,056</u>	<u>-</u>	<u>671,381,531</u>
<u>\$ 1,008,492,868</u>	<u>\$ -</u>	<u>\$ 25,441,159</u>	<u>\$ 415,779,706</u>	<u>\$ 147,469,056</u>	<u>\$ (92,062,142)</u>	<u>\$ 1,749,874,399</u>
85300	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, 2013

	Statutorily Created Funds			
	Common School Current	Current School	State- support Reserve	Tobacco Settlement Permanent Fund
Revenues				
General and selective taxes	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-
Severance taxes	-	-	-	-
License fees	-	-	-	-
Investment income	-	440,876,338	-	-
Net increase in the fair value of investments	-	-	-	21,187,977
Rents and royalties	-	44,631,955	-	-
Miscellaneous receipts	-	5,708,463	-	39,303,326
Reversions	-	-	-	-
Total revenues	<u>-</u>	<u>491,216,756</u>	<u>-</u>	<u>60,491,303</u>
Expenditures				
Appropriations				
Legislative	-	-	-	-
Judicial	-	-	-	-
General control	-	-	-	39,303,326
Commerce and industry	-	-	-	-
Natural resources	-	-	-	-
Health and human services	-	-	-	-
Public safety	-	-	-	-
Other education	-	-	-	-
Higher education	-	-	-	-
Public school support	-	491,216,756	-	-
Total expenditures	<u>-</u>	<u>491,216,756</u>	<u>-</u>	<u>39,303,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,187,977</u>
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	21,187,977
Fund balances - beginning	-	-	1,000,000	148,977,598
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 170,165,575</u>
SHARE system fund numbers	71600	71700	85700	95200

Administratively Created Funds

Appropriation Account	Federal Mineral Leasing	Appropriation Contingency Reserve	General Operating Reserve	Tax Stabilization Reserve	Total June 30, 2012 (Memorandum Only)
\$ 2,397,750,352	\$ -	\$ -	\$ -	\$ -	\$ 2,397,750,352
1,508,102,307	-	-	-	-	1,508,102,307
438,356,729	-	-	-	-	438,356,729
50,011,191	-	-	-	-	50,011,191
190,909,799	-	-	-	-	631,786,137
-	-	-	-	-	21,187,977
-	459,631,161	-	-	-	504,263,116
106,890,111	-	-	-	-	151,901,900
65,760,933	-	15,313,934	92,051	-	81,166,918
<u>4,757,781,422</u>	<u>459,631,161</u>	<u>15,313,934</u>	<u>92,051</u>	<u>-</u>	<u>5,784,526,627</u>
27,313,500	-	-	-	-	27,313,500
201,016,200	-	-	-	-	201,016,200
193,248,100	-	-	1,257,345	-	233,808,771
51,111,700	-	-	-	-	51,111,700
71,264,100	-	12,750,000	-	-	84,014,100
1,590,285,400	-	-	-	-	1,590,285,400
371,156,300	-	15,675,000	-	-	386,831,300
60,973,100	-	30,000,000	-	-	90,973,100
757,866,604	100,000	-	-	-	757,966,604
1,452,020,383	459,531,161	-	-	-	2,402,768,300
<u>4,776,255,387</u>	<u>459,631,161</u>	<u>58,425,000</u>	<u>1,257,345</u>	<u>-</u>	<u>5,826,088,975</u>
(18,473,965)	-	(43,111,066)	(1,165,294)	-	(41,562,348)
18,473,965	-	-	(18,473,965)	-	-
18,473,965	-	-	(18,473,965)	-	-
-	-	(43,111,066)	(19,639,259)	-	(41,562,348)
-	-	68,552,225	346,945,000	147,469,056	712,943,879
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,441,159</u>	<u>\$ 327,305,741</u>	<u>\$ 147,469,056</u>	<u>\$ 671,381,531</u>
85300	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, 2013

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.

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.

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

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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.

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

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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 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

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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*.)

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

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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 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

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

the fund without any restrictions, in the event that resources are not sufficient to meet authorized appropriations.

B. Basis of Accounting and Presentation

The financial statements of the Component Appropriation Funds have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

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.

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 \$50.2 million,

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

which represents the estimated amount of personal income tax refunds in excess of final personal income tax settlements, at June 30, 2013. The estimate is based on a ten year average of final settlement payments and refunds. Fiscal year 2013 is the fourth 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.

Due from Other Funds		Due to Other Funds		
Name	SHARE System Fund Number	Name	SHARE System Fund Number	Amount
Appropriations Accounts Fund	85300	General Operating Reserve	85200	\$ 18,473,965
Appropriations Accounts Fund	85300	Current School	71700	36,794,181
Current School Fund	71700	Common School Fund	71600	36,793,996
				<u>\$ 92,062,142</u>

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.”
2. *Revenues*—The Component Appropriation funds account for all financial resources of the State except those required to be accounted for by a fund within another state entity. Sources of revenues are collected by various agencies of the State and held within an agency fund to be transferred to one of the Component Appropriation

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

funds for revenue recognition. 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.

3. *Expenditures*—Appropriations represent legislatively approved transfers of budgeted funds to state entities for the necessities of operations.

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.

Restricted fund balance represents those portions of fund balance where constraints are placed on resources, either externally or by 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 and General Operating Reserve Fund because the balance is legally restricted for specific purposes.

The General Operating Reserve Fund reports \$20 million of restricted fund balance to address potential Maintenance of Effort (MOE) shortfalls in FY 13 and FY 14 by the New Mexico Public Education Department (PED). As enacted, the *Laws of 2013 chapter 191, 51st legislature first session* includes appropriations and language that committing the General Operating Reserve Fund to cover such shortfalls. The USDE are in dispute over the calculations of the amount needed for maintenance of effort. A \$20 million transfer upon PED appearing at a future Board of Finance meeting to confirm the exact amount of the transfer needed to meet maintenance of effort requirements. Based on this information, restricted fund balance in the amount of \$20 million is reported in the General Operating Reserve Fund.

F. Budgets

Annually, the Governor is required to submit a balanced budget by fund, function and activity to the Legislature. The Legislature authorizes expenditures in the annual Appropriations Act by source which is signed into law by the Governor. Annual appropriations lapse at fiscal year-end. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address the budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. Expenditures are

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

controlled at the program appropriation unit level. The budget is adopted on a budgetary basis that is not consistent with GAAP. The appropriations of the Component Appropriation Funds by law must equal the individual amounts appropriated in the various appropriation Acts.

G. Recently Issued Accounting Standards

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management does not anticipate the implementation of GASB 66 will have a significant impact on its financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* (GASB 66). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management does not anticipate the implementation of GASB 66 will have a significant impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. GASB 67 will not have an impact on the Component Appropriation Funds.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. GASB 68 will not have an impact on the Component Appropriation Funds.

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

2) Investments

As of June 30, 2013, 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	\$ 580,975,165
New Mexico State Investment Council		
Equities	Not Applicable	
Large Cap Active Pool		\$ 421,434
Large Cap Index Pool		82,219,396
Small/Mid Cap Active Pool		1,100,827
Small/Mid Cap Index Pool		14,854,930
Non-U.S. Developed Markets Pool		8,141,011
Non-U.S. Emerging Markets Pool		3,113,175
Core Bonds		
U.S. Core Bonds Pool	1 to 10 years	37,191,027
Hedge Fund Pool	Not Applicable	16,036,751
Cash/Cash Equivalents/Accruals	Not Applicable	7,087,024
		<u>\$ 170,165,575</u>

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, 2013.

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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, 2013.

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, in anticipation of the collection of tax revenues, fees and other sources. The State General Fund Investment Pool makes advances to the Appropriation Account Fund to the extent that such sources have not yet been collected. Advances from the State General Fund Investment Pool totaling \$928,682,430 at June 30, 2013, will be repaid as amounts due from other state entities are collected.

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, 2013:

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

SHARE System Fund Number	Source	Amount
83200	Gross Receipt Tax	\$ 352,040,767
83200	Withholding Taxes	174,039,640
83300	Oil and Gas - School Tax	103,541,508
27900	Corporate Income Taxes	59,818,365
64200	Regular Income Tax - PIT	40,137,895
60100	Land Grant Permanent Fund	36,793,996
11820	Insurance Taxes	22,076,448
2000	Tribal Revenue Sharing (Indian Gaming)	20,168,788
57800	Fire Protection Fund - Insurance Fees	18,315,530
82800	Luxury Tax	15,786,107
60200	Severance Tax Permanent Fund Income	14,681,057
Various	Public Education Department	12,641,354
83200	Compensating Tax	11,302,934
82800	Gaming Tax	10,967,471
82500	Motor Vehicle Excise Tax	10,958,687
Various	Other	72,893,049
		<u>\$ 976,163,596</u>

5) Transfers

For fiscal year 2013, the laws of 2012, Chapter 19 from the 50th legislature, 2nd session, section 11(A) provides the Funds with authority to transfer \$55 million from the operating reserve to the appropriation account to meet fiscal year 2013 obligations. In addition, for fiscal year 2013, the laws of 2013, Chapter 227 from the 51st legislature, section 12 (A) provides the Funds with authority to transfer \$120 million from the operating reserve to the appropriation account to meet fiscal year 2013 obligations. For fiscal year 2013, appropriations exceeded revenues by \$18.5 million.

For fiscal year 2013, in accordance with State statute and law, the following transfer will be made:

- \$18.5 million from the operating reserve fund (85200) to the appropriation account fund (85300).

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

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 fiduciary fund in the financial statements of the Treasurer's Office. Claims on the Pool are reported as assets by the various agencies investing in the Pool. By statute, the Department of Finance and Administration (DFA) is responsible for reconciling the Pool balances. As of June 30, 2013, the Component Appropriations Funds report an aggregate investment of \$580,975,165 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 DFA at http://www.nmdfa.state.nm.us/Cash_Control.aspx. Under the direction of the State Controller, the Financial Control Division (FCD) of DFA took immediate action to address the situation by initiating a cash management remediation project in partnership with the New State Treasurer, the New Mexico Department of Information Technology and a contracted third party PeopleSoft Treasury expert in August 2012.

The cash management remediation project was completed in February 2013 and resulted in changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices and banking structure that now allows for the completion of timely and accurate reconciliation of balances on a point-forward basis (from February 2013 forward). However, the cash management remediation project did not address the historical reconciling items prior to February 2013; thus, there is continuing the uncertainty regarding the sufficiency of the Pool assets to fund the claims on the Pool by the various agencies.

Resolution of the uncertainty will not occur until the historical reconciliation of the Pool balances is completed by DFA. A plan to address historical reconciling items was presented during the cash management remediation project and DFA has sought a special appropriation from the New Mexico State Legislature to fund the historical reconciliation project.

A contingency is a condition, situation, or set of circumstances involving uncertainty as to possible gain (referred to as a gain contingency) or loss (referred to as a loss contingency) to a government that will ultimately be resolved when one or more future events occurs or fail to occur. Resolution of the uncertainty may confirm the acquisition of an asset or the reduction of a liability, or the loss or impairment of an asset or the incurrence of a

State of New Mexico
Component Appropriation Funds
Notes to Financial Statements
June 30, 2013

liability. Under generally accepted accounting principles, loss contingencies should be accrued if it is probable that an asset will be impaired or a liability incurred and the amount can be reasonably estimated.

As of June 30, 2012, DFA considered it probable that the historical reconciliation of the Pool would confirm a loss or impairment of an asset, or the incurrence of a liability, by the General Operating Reserve Fund of at least \$70 million. A provision for loss and related allowance was therefore reported in the fiscal year 2012 financial statements. As of June 30, 2013, the historical reconciliation of the Pool has not been completed and management still considers it probable that completion of the reconciliation will result in loss or impairment of an asset, or incurrence of a liability, by the General Operating Reserve Fund in the range of \$70 million to \$102 million. Therefore an allowance for the minimum amount in the range is reported as of June 30, 2013.

On September 27, 2013, DFA informed the agencies to report the loss contingency at \$101.7 million, the amount management believed at the time was a better estimate of the loss than any other amount in the range.

7) Federal Government Related Contingencies

In previous years, the New Mexico Human Services Department (HSD) recorded Medicaid revenue and the related receivable of approximately \$61 to \$64 million. Claims for reimbursement of these funds were not timely, the period of availability of the funds has lapsed, and carryover authorizations were not obtained. Collectability of the related receivable reported by HSD is therefore doubtful. As a result, HSD may require financial support from other sources, possibly including the General Operating Reserve Fund, in order to fund its ongoing operations and fulfill its obligation to provide services to the citizens of the State of New Mexico. Management has elected not to record a loss contingency specific to this matter until more information is made available.

Supplementary Information

State of New Mexico
Component Appropriation Funds
Schedule of Revenue by Source
For the Year Ended June 30, 2013

	General and Selective Taxes	Income Taxes	Severance Taxes
Motor vehicle miscellaneous fees	\$ -	\$ -	\$ -
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	-	-	-
Financial institution fees	-	-	-
Manufacturing housing receipts	-	-	-
Construction industry receipts	-	-	-
Security receipts	-	-	-
Gaming receipts	-	-	-
Corporate filing	-	-	-
Alcohol receipts	-	-	-
Corporate special	-	-	-
Pipeline fees	-	-	-
State Engineer's fees	-	-	-
Licensure of health facilities	-	-	-
Birth and death certificates	-	-	-
Workers' compensation fees	-	-	-
Environment Department filing fees	-	-	-
Telephone fees	-	-	-
Drivers' training fees	-	-	-
Land office income	-	-	-
Insurance	107,520,090	-	-
Fire protection	18,315,530	-	-
Gross receipts tax	1,917,660,342	-	-
Compensating tax	50,910,770	-	-
Bed Surcharge tax	-	-	-
Tobacco (Luxury) tax	86,058,159	-	-
Alcoholic beverage tax	26,240,234	-	-
Private car	563,090	-	-
Motor vehicle excise tax	125,504,020	-	-
Gaming tax	63,073,137	-	-
Leased vehicles surcharge	5,125,348	-	-
Gasoline Tax	(4,515,839)	-	-
Telecommunications relay surcharge	91,293	-	-

License Fees	Investment Income	Rents and Royalties	Miscellaneous Receipts	Total
\$ 125,346	\$ -	\$ -	\$ -	\$ 125,346
-	-	-	6,017,615	6,017,615
-	-	-	648,411	648,411
-	-	-	445,532	445,532
-	-	-	35,183	35,183
-	-	-	20,655	20,655
-	-	-	1,051,337	1,051,337
-	-	-	5,708,463	5,708,463
-	-	-	597	597
11,274,827	-	-	-	11,274,827
3,106,692	-	-	-	3,106,692
335,527	-	-	-	335,527
4,034,136	-	-	-	4,034,136
19,065,230	-	-	-	19,065,230
362,374	-	-	-	362,374
3,150,612	-	-	-	3,150,612
4,543,582	-	-	-	4,543,582
3,962,785	-	-	-	3,962,785
50,080	-	-	-	50,080
-	-	-	-	-
-	-	-	-	-
-	-	-	1,044,689	1,044,689
-	-	-	3,890	3,890
-	-	-	3,350,233	3,350,233
-	-	-	-	-
-	-	-	-	-
-	-	44,631,955	-	44,631,955
-	-	-	-	107,520,090
-	-	-	-	18,315,530
-	-	-	-	1,917,660,342
-	-	-	-	50,910,770
-	-	-	-	-
-	-	-	-	86,058,159
-	-	-	-	26,240,234
-	-	-	-	563,090
-	-	-	-	125,504,020
-	-	-	-	63,073,137
-	-	-	-	5,125,348
-	-	-	-	(4,515,839)
-	-	-	-	91,293

State of New Mexico
Component Appropriation Funds
Schedule of Revenue by Source — continued
For the Year Ended June 30, 2013

	General and Selective Taxes	Income Taxes	Severance Taxes
Net personal income taxes	-	1,233,556,910	-
Net corporate income taxes	-	267,156,968	-
Estate taxes	-	-	-
Franchise receipts	4,445	-	-
Fiduciary	-	7,388,429	-
Land grant permanent fund distribution	-	-	-
Federal mineral leasing	-	-	-
Oil and gas emergency school tax	-	-	379,899,020
Oil and gas conservation tax	-	-	20,774,799
Resource excise tax	-	-	13,486,409
Natural gas processors	-	-	24,196,501
State Treasurer earnings on state balances	-	-	-
Severance tax permanent fund distribution	-	-	-
Tribal revenue sharing	-	-	-
Unclaimed Property	-	-	-
Small county assistance	-	-	-
Small city assistance	-	-	-
Law enforcement protection	-	-	-
Boat Excise tax	257,464	-	-
Racing receipts	942,269	-	-
Reversions	-	-	-
Settlement/Misc	-	-	-
Totals	<u>\$ 2,397,750,352</u>	<u>\$ 1,508,102,307</u>	<u>\$ 438,356,729</u>

License Fees	Investment Income	Rents and Royalties	Miscellaneous Receipts	Total
-	-	-	-	1,233,556,910
-	-	-	-	267,156,968
-	-	-	-	-
-	-	-	-	4,445
-	-	-	-	7,388,429
-	440,876,338	-	-	440,876,338
-	-	459,631,161	-	459,631,161
-	-	-	-	379,899,020
-	-	-	-	20,774,799
-	-	-	-	13,486,409
-	-	-	-	24,196,501
-	14,737,115	-	-	14,737,115
-	176,172,684	-	-	176,172,684
-	-	-	70,708,973	70,708,973
-	-	-	16,832,891	16,832,891
-	-	-	1,537,018	1,537,018
-	-	-	-	-
-	-	-	4,575,549	4,575,549
-	-	-	-	257,464
-	-	-	-	942,269
-	-	-	81,166,918	81,166,918
-	21,187,977	-	39,920,864	61,108,841
<u>\$ 50,011,191</u>	<u>\$ 652,974,114</u>	<u>\$ 504,263,116</u>	<u>\$ 233,068,818</u>	<u>\$ 5,784,526,627</u>

State of New Mexico
Component Appropriation Funds
Schedule of Appropriations
For the Year Ended June 30, 2013

Agency No.	SHARE Fund No.	Share Fund Name	Chapter 19		Laws of 2012 - 50th Legislature - Second Session		
			Section 4 Amounts	Section 5 Amount	Other Appropriations Chapter, Section	Amount	Total
11100	12900	Legislative Council Services	\$ -	\$ -	Chapter 1, Sec 3 (A), 2nd Session	\$ 5,483,400	\$ 5,483,400
11200	13000	Legislative Finance Committee	-	-	Chapter 1, Sec 4, 2nd Session	3,922,800	3,922,800
11400	74300	Legislative Council Services/Senate Interim	-	-	Chapter 1, Sec 8, 2nd Session	1,111,900	1,111,900
11500	74400	Legislative Council Services/House Interim	-	-	Chapter 1, Sec 7, 2nd Session	1,065,100	1,065,100
11700	13100	Legislative Education Study Committee	-	-	Chapter 1, Sec 5, 2nd Session	1,194,000	1,194,000
11900	13200	Legislative Maintenance	3,881,600	-	-	-	3,881,600
13100	13300	Legislature	32,000	-	Chapter 1, Sec 3 (B,C,D) and Sec 6, 2nd Session	1,350,900	1,382,900
13101	20030	Legislature - Senate	-	-	-	-	-
13102	20040	Legislature - House	-	-	-	-	-
		Total - Legislative	<u>3,913,600</u>	<u>-</u>		<u>14,128,100</u>	<u>18,041,700</u>
20500	13400	Supreme Court Law Library	1,505,600	-	-	-	1,505,600
21000	13500	Judicial Standards Commission	742,900	-	-	-	742,900
21500	13700	Court of Appeals	5,514,300	-	-	-	5,514,300
21600	13800	Supreme Court	2,879,300	-	-	-	2,879,300
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	6,147,300	-	-	-	6,147,300
21800	44300	AOC - Statewide Drug Court Technology Fund	-	-	-	-	-
21800	58300	AOC-Non Grant Projects	188,500	-	-	-	188,500
21800	68900	Information System	2,536,600	-	-	-	2,536,600
21800	69200	Magistrate Courts	23,158,600	-	-	-	23,158,600
21801	01200	Jury and Witness Fee Fund	3,992,000	-	-	-	3,992,000
21801	12400	Court Appointed Attorney Fees	4,574,900	-	-	-	4,574,900
21900	14000	Supreme Court Building Commission	833,400	-	-	-	833,400
23100	14100	First Judicial District Court	6,175,700	-	-	-	6,175,700
23200	14200	Second Judicial District Court	21,051,500	-	-	-	21,051,500
23300	14300	Third Judicial District Court	6,064,400	-	-	-	6,064,400
23400	14400	Fourth Judicial District Court	2,067,000	-	-	-	2,067,000
23500	14500	Fifth Judicial District Court	5,839,800	-	-	-	5,839,800
23600	14600	Sixth Judicial District Court	3,010,300	-	-	-	3,010,300
23700	14700	Seventh Judicial District Court	2,124,900	-	-	-	2,124,900
23800	14800	Eighth Judicial District Court	2,613,600	-	-	-	2,613,600
23900	14900	Ninth Judicial District Court	3,078,800	-	-	-	3,078,800
24000	15000	Tenth Judicial District Court	751,600	-	-	-	751,600
24100	15100	Eleventh Judicial District Court	4,458,700	-	-	-	4,458,700
24100	33500	Eleventh Judicial District Court/Drug Court	1,271,700	-	-	-	1,271,700
24200	15200	Twelfth Judicial District Court	2,622,400	-	-	-	2,622,400
24200	92900	Twelfth Judicial District Court - Other Programs	304,400	-	-	-	304,400
24300	15300	Thirteenth Judicial District Court	6,274,800	-	-	-	6,274,800
24400	15400	Bernalillo County Metropolitan Court	21,937,800	-	-	-	21,937,800
25100	15500	First Judicial District Attorney	4,639,800	-	-	-	4,639,800
25200	15600	Second Judicial District Attorney	16,414,200	-	-	-	16,414,200
25300	15700	Third Judicial District Attorney	4,300,700	-	-	-	4,300,700
25400	15800	Fourth Judicial District Attorney	2,906,400	-	-	-	2,906,400
25500	15900	Fifth Judicial District Attorney	4,209,900	-	-	-	4,209,900
25600	16000	Sixth Judicial District Attorney	2,477,200	-	-	-	2,477,200
25700	16100	Seventh Judicial District Attorney	2,231,800	-	-	-	2,231,800
25800	16200	Eighth Judicial District Attorney	2,397,700	-	-	-	2,397,700
25900	16300	Ninth Judicial District Attorney	2,594,800	-	-	-	2,594,800
26000	16400	Tenth Judicial District Attorney	957,300	-	-	-	957,300
26100	16500	Eleventh Judicial District Attorney/Division 1	3,136,800	-	-	-	3,136,800
26200	16600	Twelfth Judicial District Attorney	2,506,900	-	-	-	2,506,900
26300	16700	Thirteenth Judicial District Attorney	4,598,600	-	-	-	4,598,600
26400	16800	Administrative Office of the District Attorneys	1,840,000	-	-	-	1,840,000
26500	16900	Eleventh Judicial District Attorney/Division 2	2,012,800	-	-	-	2,012,800
		Total - Judicial	<u>199,026,300</u>	<u>-</u>		<u>-</u>	<u>199,026,300</u>

Chapter 227		Laws of 2013 - 51st Legislature - First Session		Total
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Appropriations Fiscal Year 2013
\$ -	\$ -		\$ -	\$ 5,483,400
-	-		-	3,922,800
-	-		-	1,111,900
-	-		-	1,065,100
-	-		-	1,194,000
-	-		-	3,881,600
-	-	Chapter 1, HB 1, Sec 1B (9), Section 9	1,710,100	3,093,000
-	-	Chapter 1, HB 1, Sec 1B (1,3,5,7)	3,716,800	3,716,800
-	-	Chapter 1, HB 1, Sec 1B (2,4,6,8)	3,844,900	3,844,900
-	-		9,271,800	27,313,500
-	-		-	1,505,600
-	-		-	742,900
-	-		-	5,514,300
-	-		-	2,879,300
-	-		-	50,600
-	-		-	30,000
-	-		-	6,147,300
1,365,000	-		-	1,365,000
-	-		-	188,500
-	-		-	2,536,600
-	400,000		-	23,558,600
-	-		-	3,992,000
-	-		-	4,574,900
-	-		-	833,400
-	-		-	6,175,700
-	-		-	21,051,500
-	-		-	6,064,400
-	-		-	2,067,000
-	-		-	5,839,800
-	-		-	3,010,300
-	-		-	2,124,900
-	-		-	2,613,600
-	-		-	3,078,800
-	-		-	751,600
-	-		-	4,458,700
-	-		-	1,271,700
-	-		-	2,622,400
-	-		-	304,400
-	-		-	6,274,800
-	-		-	21,937,800
224,900	-		-	4,864,700
-	-		-	16,414,200
-	-		-	4,300,700
-	-		-	2,906,400
-	-		-	4,209,900
-	-		-	2,477,200
-	-		-	2,231,800
-	-		-	2,397,700
-	136,000		-	2,730,800
-	-		-	957,300
-	-		-	3,136,800
-	-		-	2,506,900
-	-		-	4,598,600
50,000	-		-	1,840,000
1,639,900	536,000		-	2,062,800
				201,202,200

State of New Mexico
Component Appropriation Funds
Schedule of Appropriations — continued
For the Year Ended June 30, 2013

Agency No.	SHARE Fund No.	Share Fund Name	Chapter 19		Other Appropriations Chapter, Section	Amount	Total
			Section 4 Amounts	Section 5 Amount			
30500	17000	Attorney General	\$ 7,769,600	\$ -		\$ -	\$ 7,769,600
30500	27800	AG - Medicaid Fraud	489,100	-		-	489,100
30800	11100	State Auditor's Office	2,516,600	-		-	2,516,600
33300	17200	Taxation & Revenue Department - Operating	53,342,100	-		-	53,342,100
34100	00900	DFA - Computer Systems Enhancement Fund	-	-		-	-
34100	01000	Department of Finance and Administration - Operating	17,625,900	-		-	17,625,900
34100	20130	DFA - County Detention Reimbursement Fund	3,300,000	-		-	3,300,000
					NMSA 6-4-2.1, 6-1-2, Chapter 19, Sec 4, 2nd Session	1,257,345	1,257,345
34100	20900	DFA - Board of Finance Emergency (85200)	-	-		-	-
34100	21000	DFA - Emergency Water Supply	118,400	-		-	118,400
34100	52900	DFA - General Fund Capital Outlay	-	-		-	-
34100	61800	DFA - Leasehold Community Assistance	128,900	-		-	128,900
34100	62000	DFA Special Appropriations	50,000	-		-	50,000
34100	62400	Civil Legal Services Fund	1,610,700	-		-	1,610,700
34100	69700	DFA - Tobacco Settlement Program Fund	-	-	NMSA 6-4-9	39,303,326	39,303,326
35000	17400	General Services Department	13,384,600	-		-	13,384,600
35000	41700	General Services Department - State Aircraft Pool	-	-		-	-
35000	75200	General Services Department - Group Self-Insurance Fund	-	-		-	-
35400	34700	New Mexico Sentencing Commission	529,800	-		-	529,800
35500	17500	Public Defender Department	40,145,300	-		-	40,145,300
35600	17600	Governor's Office	3,391,600	-		-	3,391,600
36000	17700	Lieutenant Governor's Office	579,900	-		-	579,900
36100	20370	Department of Information Technology	844,500	-		-	844,500
36900	17900	State Commission of Public Records	2,544,000	-		-	2,544,000
37000	18000	Secretary of State	4,580,700	-		-	4,580,700
37800	18100	State Personnel Board	3,896,100	-		-	3,896,100
37900	84800	Public Employees Labor Relations Board	214,000	-		-	214,000
39400	18200	State Treasurer's Office	3,572,300	-		-	3,572,300
		Total - General Control	<u>160,634,100</u>	<u>-</u>		<u>40,560,671</u>	<u>201,194,771</u>
34101	85300	Cumbres and Toltec Scenic Railroad Commission	87,000	-		-	87,000
41700	48000	NM Border Authority	333,400	-		-	333,400
41800	18800	Tourism Department	8,300,700	-		-	8,300,700
41900	18900	Economic Development Department	6,497,200	-		-	6,497,200
41900	63800	Industrial Development (In-Plant Training)	-	-		-	-
42000	20120	Regulation and Licensing Department	28,800	-		-	28,800
42000	43300	Regulation and Licensing Department	12,774,100	-		-	12,774,100
43000	55000	Public Regulation Commission Operating	7,836,800	-		-	7,836,800
46500	53600	Gaming Control Board	5,467,500	-		-	5,467,500
46900	19200	State Racing Commission	1,983,000	-		-	1,983,000
49100	74800	Office of Military Base Planning and Support	125,600	-		-	125,600
49500	87100	New Mexico Space Port Authority	456,200	-		-	456,200
		Total - Commerce and Industry	<u>43,890,300</u>	<u>-</u>		<u>-</u>	<u>43,890,300</u>
50500	19300	Office of Cultural Affairs	27,313,100	-		-	27,313,100
50800	39500	New Mexico Livestock Board	459,400	-		-	459,400
52100	19900	Energy, Mineral and Natural Resource Department	10,305,100	-		-	10,305,100
52100	20010	EMNRD / State Parks	9,854,600	-		-	9,854,600
52100	21300	EMNRD - Emergency Fire/ Insect and Disaster	-	-	Executive Orders	12,750,000	12,750,000
53800	82900	Intertribal Ceremonial Office	105,000	-		-	105,000
55000	21400	Office of State Engineer	14,776,900	-		-	14,776,900
		Total - Agriculture, Energy and Natural Resources	<u>62,814,100</u>	<u>-</u>		<u>12,750,000</u>	<u>75,564,100</u>
60300	28400	Office of African American Affairs	681,000	-		-	681,000
60400	04600	Commission for Deaf and Hard of Hearing	300,000	-		-	300,000
60500	06000	Martin Luther King, Jr., Commission	198,800	-		-	198,800
60600	04700	Commission for the Blind	2,030,300	-		-	2,030,300
60900	04800	New Mexico Office of Indian Affairs	2,399,900	-		-	2,399,900
62400	04900	Aging and Long-term Services Dept - Administration	42,702,200	-		-	42,702,200
63000	05200	Human Services Department - General Operating Fund	102,172,900	-		-	102,172,900
63000	97500	HSD Income Support - Care & Support	10,849,300	-		-	10,849,300
63000	97600	HSD Medical Assistance	894,362,500	-		-	894,362,500
63100	32900	NMDWS Operating Fund	3,675,100	-		-	3,675,100
64400	50000	Division of Vocational Rehabilitation	5,619,300	-		-	5,619,300
64500	05800	Governor's Commission on Disability	852,600	-		-	852,600
64700	07900	Developmental Disabilities Planning Council	4,554,000	-		-	4,554,000
66500	06100	Department of Health / General Operating	280,890,900	-		-	280,890,900
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	11,256,200	-		-	11,256,200
66800	49300	Office of the Natural Resources Trustee	87,000	-		-	87,000

Chapter 227		Laws of 2013 - 51st Legislature - First Session		Total
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Appropriations Fiscal Year 2013
\$ -	\$ -		\$ -	\$ 7,769,600
-	-		-	489,100
-	-		-	2,516,600
-	-		-	53,342,100
20,368,000	-		-	20,368,000
650,000	-		-	18,275,900
-	-		-	3,300,000
-	-		-	1,257,345
-	-		-	118,400
-	-		-	-
-	-		-	128,900
500,000	-		-	550,000
-	-		-	1,610,700
-	-		-	39,303,326
20,000	-		-	13,404,600
200,000	-		-	200,000
9,240,000	-		-	9,240,000
-	-		-	529,800
-	-		-	40,145,300
-	-		-	3,391,600
-	-		-	579,900
-	-		-	844,500
-	-		-	2,544,000
350,000	1,100,000		-	6,030,700
-	-		-	3,896,100
-	-		-	214,000
-	-		-	3,572,300
<u>31,328,000</u>	<u>1,100,000</u>		<u>-</u>	<u>233,622,771</u>
300,000	-		-	387,000
-	-		-	333,400
-	-		-	8,300,700
6,800,000	-		-	13,297,200
-	-		-	-
-	-		-	28,800
-	-		-	12,774,100
-	-		-	7,836,800
-	-		-	5,467,500
67,500	-		-	2,050,500
50,000	3,900		-	179,500
-	-		-	456,200
<u>7,217,500</u>	<u>3,900</u>		<u>-</u>	<u>51,111,700</u>
600,000	-		-	27,913,100
350,000	-		-	809,400
-	-		-	10,305,100
-	100,000		-	9,954,600
-	-		-	12,750,000
-	-		-	105,000
<u>7,400,000</u>	<u>-</u>		<u>-</u>	<u>22,176,900</u>
<u>8,350,000</u>	<u>100,000</u>		<u>-</u>	<u>84,014,100</u>
30,000	-		-	711,000
-	-		-	300,000
38,000	-		-	236,800
-	-		-	2,030,300
-	-		-	2,399,900
100,000	-		-	42,802,200
-	-		-	102,172,900
-	-		-	10,849,300
-	-		-	894,362,500
-	-		-	3,675,100
-	-		-	5,619,300
-	-		-	852,600
-	112,000		-	4,666,000
2,350,300	-		-	283,241,200
-	-		-	4,050,000
-	-		-	3,946,200
-	-		-	3,073,100
-	-		-	31,300
2,841,100	-		-	14,097,300
-	-		-	87,000

State of New Mexico
Component Appropriation Funds
Schedule of Appropriations — continued
For the Year Ended June 30, 2013

Agency No.	SHARE Fund No.	Share Fund Name	Chapter 19		Other Appropriations Chapter, Section	Laws of 2012 - 50th Legislature - Second Session	
			Section 4 Amounts	Section 5 Amount		Amount	Total
67000	06500	Veterans' Service Department	\$ 2,873,800	\$ -		\$ -	\$ 2,873,800
69000	06700	Children, Youth and Families Department	143,612,300	-		-	143,612,300
69000	20080	Children, Youth and Families Department	9,214,600	-		-	9,214,600
69000	20090	Children, Youth and Families Department	1,640,000	-		-	1,640,000
69000	48900	CYFD / Protective Services	20,495,100	-		-	20,495,100
69000	49100	CYFD / Child Care Payments Fund	29,788,500	-		-	29,788,500
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 / JJDP / Children's Justice	102,100	-		-	102,100
		Total - Health, Hospitals and Human Services	<u>1,584,339,000</u>	<u>-</u>		<u>-</u>	<u>1,584,339,000</u>
70500	07000	Dept of Military Affairs - Adjutant General Emergency	-	-	Executive Order	1,250,000	1,250,000
70500	89200	Department of Military Affairs	-	-		-	-
70500	93200	Dept of Military Affairs - Service Member Life Ins	1,153,000	-		-	1,153,000
70500	99200	Department of Military Affairs	5,169,700	-		-	5,169,700
76000	90500	Parole Board	463,700	-		-	463,700
76500	90600	Juvenile Parole Board	20,000	-		-	20,000
77000	90200	Community Corrections Program	3,169,800	-		-	3,169,800
77000	90700	Corrections Department	235,070,800	-		-	235,070,800
77000	91500	Probation & Parole Division	27,453,400	-		-	27,453,400
78000	90900	Crime Victims Reparation Commission	1,710,000	-		-	1,710,000
79000	12800	Department of Public Safety	91,199,000	-		-	91,199,000
79500	20050	Homeland Security	2,393,200	-		-	2,393,200
79500	20380	Homeland Security - Governor's Disaster Declarations	-	-	Executive Order	14,425,000	14,425,000
		Total - Public Safety	<u>367,802,600</u>	<u>-</u>		<u>15,675,000</u>	<u>383,477,600</u>
92400	05700	Public Education Department	10,739,600	-		-	10,739,600
92400	11420	PED / Pre K Plus Fund	11,000,000	-		-	11,000,000
92400	51300	PED / Pre Kindergarten Fund	10,000,000	-		-	10,000,000
92400	79000	PED / Special Projects	20,833,500	2,500,000		-	23,333,500
92400	79000	PED / Special Projects	-	2,500,000		-	2,500,000
		Total - Other Education	<u>52,573,100</u>	<u>5,000,000</u>		<u>-</u>	<u>57,573,100</u>
34100	10300	San Juan College	23,198,700	-		-	23,198,700
34100	10400	New Mexico Junior College	6,215,000	-		-	6,215,000
34100	10500	New Mexico State University	186,430,800	-		-	186,430,800
34100	10600	Central New Mexico Community College	47,750,400	-		-	47,750,400
34100	10700	Eastern New Mexico University	42,007,000	-		-	42,007,000
34100	10800	Luna Vocational Technical Institute	7,762,100	-		-	7,762,100
34100	10900	Santa Fe Community College	12,501,000	-		-	12,501,000
34100	22200	New Mexico Highlands University	29,160,000	-		-	29,160,000
34100	22300	Mesalands Community College	4,290,100	-		-	4,290,100
34100	22400	New Mexico Institute of Mining and Technology	35,146,004	-		-	35,146,004
34100	22400	New Mexico Institute of Mining and Technology (851)	100,000	-		-	100,000
34100	22600	New Mexico Military Institute	2,066,100	-		-	2,066,100
34100	22700	Western New Mexico University	17,554,700	-		-	17,554,700
34100	22800	Northern New Mexico Community College	10,525,900	-		-	10,525,900
34100	23000	Clovis Community College	8,750,900	-		-	8,750,900
34100	23100	New Mexico School for the Blind and Visually Impaired	975,200	-		-	975,200
34100	23200	New Mexico School for the Deaf	3,767,800	-		-	3,767,800
34100	23300	University of New Mexico	284,966,000	-		-	284,966,000
95000	21600	HED/Special Programs	22,126,600	-		-	22,126,600
95000	78200	HED/Performance Development	1,250,000	-		-	1,250,000
95000	91000	Higher Education Department/Operations	-	-		-	-
95000	91000	Higher Education Department/Operations	11,172,300	-		-	11,172,300
		Total - Higher Education	<u>757,716,604</u>	<u>-</u>		<u>-</u>	<u>757,716,604</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	857,000	-		-	857,000
92400	85600	Instructional Material Fund	-	-		-	-
92400	85800	Public School Support/ML (851)	26,975,800	-		-	26,975,800
92400	85800	Public School Support/CS (717)	-	-		-	-
92400	85800	Public School Support/ ACF (854)	-	-		-	-
92400	85800	Public School Support	2,372,807,287	-		-	2,372,807,287
		Total - Public School Support	<u>2,402,768,300</u>	<u>-</u>		<u>-</u>	<u>2,402,768,300</u>
		Total - Component Appropriation Accounts	<u>\$ 5,635,478,004</u>	<u>\$ 5,000,000</u>		<u>\$ 83,113,771</u>	<u>\$ 5,723,591,775</u>

continued

Chapter 227		Laws of 2013 - 51st Legislature - First Session		Total
Section 5 Amount	Section 6 Amount	Other Appropriations Chapter, Section	Amount	Appropriations Fiscal Year 2013
\$ 100,000	\$ -		\$ -	\$ 2,973,800
375,000	-		-	143,987,300
-	-		-	9,214,600
-	-		-	1,640,000
-	-		-	20,495,100
-	-		-	29,788,500
-	-		-	221,400
-	-		-	2,658,600
-	-		-	102,100
<u>5,834,400</u>	<u>112,000</u>		<u>-</u>	<u>1,590,285,400</u>
-	-		-	1,250,000
25,000	-		-	25,000
-	-		-	1,153,000
-	-		-	5,169,700
-	-		-	463,700
-	-		-	20,000
-	-		-	3,169,800
-	-		-	235,070,800
-	-		-	27,453,400
-	-		-	1,710,000
3,228,700	100,000		-	94,527,700
-	-		-	2,393,200
-	-		-	14,425,000
<u>3,253,700</u>	<u>100,000</u>		<u>-</u>	<u>386,831,300</u>
-	-		-	10,739,600
-	-		-	11,000,000
-	-		-	10,000,000
5,900,000	-		-	29,233,500
<u>27,500,000</u>	<u>-</u>		<u>-</u>	<u>30,000,000</u>
<u>33,400,000</u>	<u>-</u>		<u>-</u>	<u>90,973,100</u>
-	-		-	23,198,700
-	-		-	6,215,000
-	-		-	186,430,800
-	-		-	47,750,400
200,000	-		-	42,207,000
-	-		-	7,762,100
-	-		-	12,501,000
-	-		-	29,160,000
-	-		-	4,290,100
-	-		-	35,146,004
-	-		-	100,000
-	-		-	2,066,100
-	-		-	17,554,700
-	-		-	10,525,900
-	-		-	8,750,900
-	-		-	975,200
-	-		-	3,767,800
-	-		-	284,966,000
-	-		-	22,126,600
-	-		-	1,250,000
-	-		-	-
50,000	-		-	11,222,300
<u>250,000</u>	<u>-</u>		<u>-</u>	<u>757,966,604</u>
-	-		-	1,824,600
-	-		-	303,613
-	-		-	857,000
-	-		-	-
-	-		-	26,975,800
-	-		-	-
-	-		-	-
-	-		-	2,372,807,287
<u>-</u>	<u>-</u>		<u>-</u>	<u>2,402,768,300</u>
<u>\$ 91,273,500</u>	<u>\$ 1,951,900</u>		<u>\$ 9,271,800</u>	<u>\$ 5,826,088,975</u>

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due From Other State Entities
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
12900	Legislative Council Services	\$ 687,181
13000	Legislative Finance Committee	13,318
74300	Legislative Council Services-Senate	314,572
74400	Legislative Council Services-House	129,193
13100	Legislative Education Study Committee	85,270
13200	Legislative Building Services	223,707
13500	Judicial Standards Commission	62
13700	Court of Appeals	62,302
13800	Supreme Court	7,476
79300	Supreme Court Fees	50
Various	Administrative Office of the Courts	62,297
79400	Administrative Office of the Courts	53
14000	Supreme Court Building	1,885
67900	Second Judicial District Court	2,732
14300	Third Judicial District Court	8,498
92400	Third Judicial District Court	498
14400	Fourth Judicial District Court	4,957
14700	Seventh Judicial District Court	21,779
14800	Eighth Judicial District Court	3,691
14900	Ninth Judicial District Court	3,516
15000	Tenth Judicial District Court	3,151
15100	Eleventh Judicial District Court	17,105
15200	Twelfth Judicial District Court	35,229
15400	Bernalillo County Metro. Court	26,015
15500	First Judicial District Attorney	3,053
16000	Sixth Judicial District Attorney	2,049
16300	Ninth Judicial District Attorney	6,343
16400	Tenth Judicial District Attorney	652
16500	Eleventh Judicial District Attorney	505
16600	Twelfth Judicial District Attorney	31,737
16800	Administrative Office of the District Attorney	10,368
11100	State Auditor's Office	27,776
17200	Taxation and Revenue Department	805,466
27900	Corporate Income Taxes	59,818,365
64200	Regular Income Tax - PIT	40,137,895
82500	Motor Vehicle Excise Tax	10,958,687
82500	Weight Distance Tax	(5,734)
82500	Traffic Violations/Penalty Assessment	563,947
82500	Court Fines	180
82800	Fiduciary Income Taxes	1,998,097
82800	Bingo and Raffle Tax	20,849

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due From Other State Entities — continued
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
82800	Liquor Tax /Alcoholic Beverages	\$ 4,747,588
82800	Gasoline Tax	610,405
82800	Special Fuel Tax	447
82800	Private Car	3,861
82800	911 Emergency Surcharge Tax	(523)
82800	Luxury Tax	15,786,107
82800	Gaming Tax	10,967,471
82800	Telecommunications Relay Surcharge	14,333
82800	Environment Dept. Filing Fees	(121)
83100	Worker's Compensation	110,578
83200	Withholding Taxes	174,039,640
83200	Gross Receipt Tax	352,040,767
83200	Compensating Tax	11,302,934
83200	Lease Vehicle Surcharge	832,466
83300	Severance - School Tax	103,541,508
83300	Severance Tax - Processors	4,040,619
83300	Severance - Conservation Resource	283,325
83300	Severance - Conservation	5,500,676
83300	Resource Excise - Copper	1,034,532
83300	Resource Excise - Potash	121,671
83300	Resource Excise - Others	1,138,371
60100	Land Grant Permanent Fund	36,793,996
60200	Severance Tax Permanent Fund Income	14,681,057
01000	Department of Finance and Administration	1,114,487
20900	Department of Finance and Administration	92,051
21000	Department of Finance and Administration	54,868
62000	Department of Finance and Administration	18,280
73600	DFA Law Enforcement Protection	4,573,062
73700	DFA Small County Assistance	1,537,018
93100	Department of Finance and Administration	41,362
96600	Department of Finance and Administration	750
34700	NM Sentencing Commission	128
17500	Public Defender Department	650,148
75300	Public Defender Department	10,263
17600	Governor's Office	417,917
17700	Lt. Governor's Office	130,107
20370	Department of Information Technology	114,537
17900	State Commission of Public Records	324,897
18000	Secretary of State	53,569
79900	Notary Public Fees	3,638
18100	State Personnel Board	143,572
N/A	Tobacco Luxury/New Mexico Finance Authority	1,852,423

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due From Other State Entities — continued
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
02000	Tribal Revenue Sharing (Indian Gaming)	\$ 20,168,788
18200	State Treasurer's Office	127,458
80100	State Treasurer Earnings on State Balances	2,155,988
18800	Tourism Department	28,514
18900	Economic Development Department	512,714
43500	Financial Institution Receipts	13,816
43600	Manufactured Housing Receipts	13,760
43700	Construction Industries Receipts	134,237
43800	Securities Receipts	348,740
80800	Alcoholic and Gaming Fees	63,363
50300	Corporate Filing	86,569
50600	Public Utilities	51
50800	PRC Insurance Taxes	452,535
55000	Public Regulation Commission	249,000
57800	Fire Protection Fund - Insurance Fees	18,315,530
11820	Insurance Taxes	22,076,448
53600	Gaming Control Board	241,789
81400	State Racing Commission - Racing Receipts	357,593
74800	Military Homebase Planning	724
19900	Energy, Mineral and Natural Resources Department	10,964
77300	Boat Excise Tax	52,592
21300	Energy, Mineral and Natural Resources Department	7,854,982
21400	State Engineers Office	348,693
10000	Indian Affairs Department	138,358
04800	Indian Affairs Department	1,223,335
50204	Death and Birth Certificate Fees	214,969
06101	Department of Health	9,613,796
65200	Environment Department	651,400
49300	Office of the Natural Resources Trustee	3,772
06500	Department of Veteran Services	119,432
07000	Military Affairs Department	767,908
99200	Military Affairs Department	206,679
90500	Adult Parole Board	56,850
90700	Corrections Department	7,469,847
12800	Department of Public Safety	329,444
20050	Department of Homeland Security and Emergency Management	304,962
93100	Department of Transportation	102,619
63500	Public Education Department	674,972
Various	Public Education Department	12,641,354
91000	Higher Education Department	3,209,494
		<u>\$ 976,163,596</u>

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due from Taxpayers
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
27900	Corporate Income Tax	\$ 3,702,009
64200	OGP - Remitter	873,028
64200	PTW - Owner	88
64200	PTW - Remitter	526,527
64200	Personal Income Tax	11,240,178
82800	Fiduciary	41,570
82800	Tobacco Tax	4,216
82800	Water Conservation Tax	3,740
82800	Telecommunication Relay Surcharge	1,934
83100	Workers' Compensation	14,729
83200	Withholding Taxes	781,678
83200	Gross Receipt Tax	5,254,817
83200	Compensating Tax	(138,064)
83300	Resource Excise Tax	263,613
		<u>\$ 22,570,063</u>

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due to Local Governments
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
832	Taxation and Revenue Dept. (Unidentified 60 Day Remittances) due to local governments	<u>\$ 23,906,697</u> <u>\$ 23,906,697</u>

State of New Mexico
Component Appropriation Funds
Schedule of Amounts Due to Taxpayers
For the Year Ended June 30, 2013

Share System Fund Number	Description	Amount
833	Taxation and Revenue Dept. (Oil & Gas Advance Payments)	\$ 33,333,678
		<u>\$ 33,333,678</u>

Independent Auditor's 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
State of New Mexico
Department of Finance and Administration
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2013-001 to be significant deficiencies.

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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and NM Office of the State Auditor's Audit Rule* which are described in the accompanying schedule of findings and responses as finding 2013-002.

Management's Response to Findings

The responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. We did not audit the responses and, accordingly, we express no opinion on them.

Purpose of this Report

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 13, 2013

State of New Mexico
Component Appropriation Funds
Schedule of Findings and Responses
For the Year Ended June 30, 2013

Section I — Financial Statement Findings

2013-001 – Timely Resolution of Uncertainties (Significant Deficiency)

Condition: As of June 30, 2012, the General Operating Reserve Fund reported a \$70 million allowance for potential loss related to the reconciliation of the State of New Mexico General Fund Investment Pool (the Pool). The allowance was the minimum considered probable based on the then current status of an ongoing project to reconcile the Pool.

While procedures have been implemented to reconcile current activity of the Pool, activity prior to February 2013 has not been reconciled. Accordingly, based on the most current information available, the allowance for potential loss reported in the 2013 financial statements remains at \$70 million.

Criteria: Procedures should be in place, and sufficient resources should be allocated, to enable timely resolution of significant uncertainties impacting the financial statements, including those related to historical Pool activity.

Cause and Effect: The uncertainty regarding the reconciliation of the Pool has not been resolved. Management's estimate of the loss has been recorded, but the actual loss amount, if any, has not been determined.

Auditor's Recommendations: Devote sufficient resources to complete the reconciliation of the Pool so that the actual loss, rather than an estimate, can be reported in the financial statements.

Management's Response: Agreed. Management commenced the Diagnostic of Cash Control project in June 2012 and a Cash Management Remediation Project thereafter. The State implemented the recommendations contained in the Cash Management Remediation Project in February 2013, including modifying the bank account structure, revising accounting procedures, developing system tools and building the organizational capability necessary to support an on-going monthly reconciliation process. As a result, an accurate reconciliation of bank to book balances at the State and Business Unit level is now functioning for current activities. Additional process changes identified during the project continue to be rolled out to support the ultimate goal of maintaining reconciled balances at a Business Unit and Fund level.

State of New Mexico
Component Appropriation Funds
Schedule of Findings and Responses
For the Year Ended June 30, 2013

Section I — Financial Statement Findings — continued

2013-001 – Timely Resolution of Uncertainties (Significant Deficiency) — continued

With respect to the historical balances, the plan has been to pursue reconciliation via a separate initiative to commence after successful implementation of an on-going process. Having achieved the first part, management is developing a funding request which will be submitted during the upcoming legislative session to undertake the review and reconciliation of the historical balances. The objective of the historical reconciliation is to achieve a level of confidence in the cash balance amounts and reasons for any and all adjustments necessary to bring book cash balances back in line with those at the bank. The completion of these projects will eliminate the need for an estimate of a potential loss related to the reconciliation of the State of New Mexico General Fund Investment Pool.

State of New Mexico
Component Appropriation Funds
Schedule of Findings and Responses
For the Year Ended June 30, 2013

Section II — Other Findings

2013-002 — (SA) Timely Submission of Audit Contract (Other)

Condition: The fiscal year 2013 audit contract was submitted to the New Mexico Office of the State Auditor (OSA) on August 12, 2013.

Criteria: Section 2.2.2.8G (6) (c) of NMAC Audit Rule 2013, *Procurement and Audit Process*, requires state agencies to deliver the fully completed and signed *IPA Recommendation Form for Audits* and the completed audit contract to the OSA by June 1, 2013.

Cause and Effect: Procedures were not in place to ensure timely audit contract submission. As a result the contract was not submitted after the due date.

Auditor's Recommendations: Establish procedures to ensure compliance with the OSA Audit Rule requirements, including the requirement that the audit contract be submitted by its due date. Management should also educate personnel of their required duties under the NMAC Audit Rule by attending the annual OSA Audit Rule presentation.

Management's Response: Management understands the specific contractual requirements as stipulated under the State Auditor Rule and will abide by these requirements in the future.

State of New Mexico
Component Appropriation Funds
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2013

**Audit
Finding**

Status

2012-001

Resolved — refer to note 6

State of New Mexico
Component Appropriation Funds
Corrective Action Plan
For the Year Ended June 30, 2013

Audit Finding	Responsible Party	Corrective Action to Be Taken	Target Date
2013-001	Deputy Cabinet Secretary	See Management's Response 2013-001	June 2014
2013-002	Deputy Director	See Management's Response 2013-001	June 2014

State of New Mexico
Component Appropriation Funds
Exit Conference
For the Year Ended June 30, 2013

Exit Conference

An exit conference was conducted on December 11, 2013, 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	Deputy Secretary, Financial Control Division, DFA and State Controller
Steve Gonzales	Deputy Director, Financial Control Division, DFA
Joanne Chavez	Statewide Financial Reporting and Accountability Bureau Chief, DFA
Ron Spilman	Cash Controls Manager, Financial Control Division, DFA

REDW_{LLC}

Bruce Bleakman	Principal
Javier Machuca	Senior Manager