



Timothy Keller  
State Auditor

**State of New Mexico**  
**OFFICE OF THE STATE AUDITOR**  
*Elected for Better Government*

Sanjay Bhakta, CPA, CGFM, CFE  
Deputy State Auditor

VIA EMAIL

February 5, 2015

Dr. Tom Clifford, Cabinet Secretary  
C/O Steve A. Gonzales, Deputy Director  
Department of Finance and Administration  
[Stevea.gonzales@state.nm.us](mailto:Stevea.gonzales@state.nm.us)

Dear Secretary Clifford:

The Office of the State Auditor reviewed the audit of the Component Appropriation Funds for Fiscal Year 2014. As part of our review, our team identified select matters and findings that require additional information and may lead to subsequent actions by our office.

The report continues to discuss the cash reconciliation issues that have been the subject of extensive work to date. I want to reiterate the commitment of this Office to playing an effective and appropriate role in those discussions. This includes the review of the methodology for calculating the amount of the historical "write-off," and the review of the improved internal controls and processes that are aimed at preventing future cash reconciliation issues. This Office may recommend a more detailed correction action plan and additional testwork in the latter areas in the FY2015 audit. With your office's commitment to productive problems solving and consultation on these issues, we hope to alleviate any potential for special audit or designation according the Audit Rule.

Additionally, the report contains an item for \$74,209,762 under "due to other agencies," related to the Human Service Department's Medicaid shortfall that resulted from its inability to timely submit required information to federal payors. We would like to review with your office the basis for this item not requiring an appropriation from the Legislature in order to appropriately be booked against the General Fund. Please consider these items and respond to this office no later than 45 days after the date of this letter with the rationale for the Department's treatment of this item.

We look forward to working together to address these critical issues. If you have any questions about this letter, please contact our auditor Sara Specht at [Sara.Specht@osa.state.nm.us](mailto:Sara.Specht@osa.state.nm.us) or (505) 476-3800.

Sincerely,

A handwritten signature in black ink that reads "Timothy Keller".

Timothy Keller, State Auditor

**2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507**  
**Local (505) 476-3800 \* Fax (505) 827-3512**  
**<http://www.saonm.org> \* 1-866-OSA-FRAUD**



**Timothy Keller**  
State Auditor

**Sanjay Bhakta, CPA, CGFM, CFE**  
Deputy State Auditor

**State of New Mexico**  
**OFFICE OF THE STATE AUDITOR**  
*Elected for Better Government*

February 4, 2015

SAO Ref. No. 306

Steve A. Gonzales, Deputy Director  
State General Fund  
407 Galisteo St., Bataan Memorial Bldg., Rm. #166  
Santa Fe, NM 87501-

**SUBJECT:** Audit Report—State General Fund—2013-2014 Fiscal Year—Prepared by REDW, LLC

The audit report for your agency was received by the Office of the State Auditor (Office) on December 16, 2014. The State Auditor's review of the audit report required by Section 12-6-14 (B) NMSA 1978 and 2.2.2.13 NMAC has been completed. This letter is your authorization to make the final payment to the independent public accountant (IPA) who contracted to perform your agency's financial and compliance audit. In accordance with the Section 2 of the audit contract, the IPA is required to deliver the specified number of copies of the audit report to the agency.

Pursuant to Section 12-6-5 NMSA 1978, the audit report does not become public record until five days after the date of this release letter, unless your agency has already submitted a written waiver to the Office. Once the five-day period has expired or upon the Office's receipt of a written waiver, the audit report shall be:

- released by the Office to the Legislative Finance Committee, the Department of Finance and Administration, and the State Treasurer
- posted by the Office to our website

The independent public accountant's findings and comments are included in the audit report on pages 46-48. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments. Section 2.2.2.10(J) NMAC requires that an exit conference be held with representatives of the agency's governing authority and top management.**

A handwritten signature in cursive script that reads "Timothy Keller".

Timothy Keller  
State Auditor

cc: REDW, LLC



*State of New Mexico*  
*Component Appropriation Funds*  
*Annual Financial Report*  
*Fiscal Year Ended June 30, 2014*

*Annual Financial Report*  
*And*  
*Independent Auditor's Report*

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

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# State of New Mexico Component Appropriation Funds

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

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**State of New Mexico  
Component Appropriation Funds**

**Official Roster  
June 30, 2014**

**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, 2014, 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.

### **Disclaimer Section**

#### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion/Disclaimer</u>
General Operating Reserve Fund	Disclaimer
State Support Reserve Fund	Disclaimer
Appropriation Contingency Reserve Fund	Disclaimer
Tax Stabilization Reserve Funds	Disclaimer

## **Unmodified Section**

### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion/Disclaimer</u>
Common School Current Fund	Unmodified
Current School Fund	Unmodified
Tobacco Settlement Permanent Fund	Unmodified
Appropriation Account Funds	Unmodified
Federal Mineral Leasing Fund	Unmodified

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. Except as explained in the Basis of Disclaimer of Opinion paragraph, 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 on the opinion units identified in the preceding Unmodified Section.

### ***Basis for Disclaimer of Opinion***

We were unable to obtain sufficient appropriate audit evidence on the value of the General Operating Reserve Fund, State Support Reserve Fund, Appropriation Contingency Reserve Fund, and Tax Stabilization Reserve Funds investment in the State General Fund Investment Pool (the "Pool") at June 30, 2014 through confirmation, and no reconciliation was prepared by the New Mexico Department of Finance and Administration on the investment in the Pool. Accounting principles generally accepted in the United States of America require that cash be reconciled from the bank statement to the financial records. The investment amount is included in the General Operating Reserve Fund's assets and is described in Note 6 to the financial statements. As a corrective measure to the reconciliation issue, the associated correcting accounting adjustments will be made against the State's General Operating Reserve Fund. The amount by which this lack of reconciliation would affect cash, fund balance, and expenditures of the fund has not been determined.



### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the preceding paragraph.

### **Unmodified Opinions**

In our opinion, the financial statements for the Common School Current, Current School, Tobacco Settlement Permanent, Appropriation Account, and Federal Mineral Leasing Funds, referred to above present fairly, in all material respects, the respective assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances and related changes in fund balances as of and for the year ended June 30, 2014, and the related notes to the financial statements as listed in the table of contents.

### **Emphasis of Matters**

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, 2014, 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.

### **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 6 through 13 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 15, 2014, 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.

A handwritten signature in black ink that reads "REDW LLC". The letters are stylized and cursive.

Albuquerque, New Mexico  
December 15, 2014

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**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 administration, 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 Funds

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 7.3% of recurring current year appropriations as compared to 11.9% in fiscal year 2013.

In fiscal year 2014 the aggregate fund balance of the Component Appropriation Funds increased by \$2.6 million. Fund balance of the Component Appropriation Funds decreased by \$41.6 million in fiscal year 2013. The increase in fiscal year 2014 is attributable to revenues increasing by 5.4% and appropriations increasing by only 2.9% compared with the previous years.

As of June 30, 2014, the General Fund Operating Reserve Fund reports a contingent liability of \$100 million related to the State General Fund Investment Pool (the “Pool”) maintained by the New Mexico State Treasurer’s office. Management considers this necessary because the General Fund Operating Reserve Fund is expected to absorb adjustments not allocable to other State agencies that may result from a reconciliation process currently underway, as described in Note 6 to the financial statements.

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Fiscal year 2014 compares to fiscal year 2013 as follows:

- General and selective taxes are the largest revenue source, contributing 41% of total aggregate revenues in fiscal year 2014. Those revenues increased by \$116.5 million or 4.9%. From the general and selective taxes, only gross receipts tax had a significant increase of \$74.4 million or 3.9%. Income taxes are the second largest revenue source contributing 26% of the total revenues. Those revenues decreased by \$56.4 million or 3.7%. Withholding tax increased by \$25.0 million and corporate income tax decreased by \$70.4 million or 26.3%.
- Rents and royalties increased by \$112.1 million or 2.2%. Federal royalties and state land bonuses were more than expected, resulting from increased production volumes. Land office income increased by \$2.8 million or 6.4% and federal mineral leasing increased by \$110.2 million or 24.0%.
- Appropriations increased by \$166 million or 2.9% from June 30, 2013. Public school support increased by \$95.9 million or 4%, health and human services increased by \$47.7 million or 3.0%, while higher education increased by \$46.5 million or by 6.1%.

**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 14 and 15, 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 32-36.

**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 16 through 29 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report presents, as supplementary information, the Schedule of Revenues by Source and the Schedule of Appropriations. These schedules provide detail information on revenues and appropriations to

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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
- Schedule of Amounts Due to Other State Entities

**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 of financial position and net resources available for spending.

As of the end of the current fiscal year, the Funds reported aggregate fund balance of \$673.9 million, an increase of \$2.6 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)*

	<b>2014</b>	2013
Assets	\$ <b>1,779.2</b>	\$ 1,749.9
Liabilities	<b>(1,032.0)</b>	(1,056.0)
Deferred inflow of resources	<b>(73.3)</b>	(22.5)
Fund balance	<b>\$ 673.9</b>	\$ 671.4

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 unearned under the modified accrual basis of accounting, \$73.3 million, to be available for appropriation.

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**Component Appropriation Funds**  
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**June 30, 2014**

**Aggregate Change in Fund Balances**

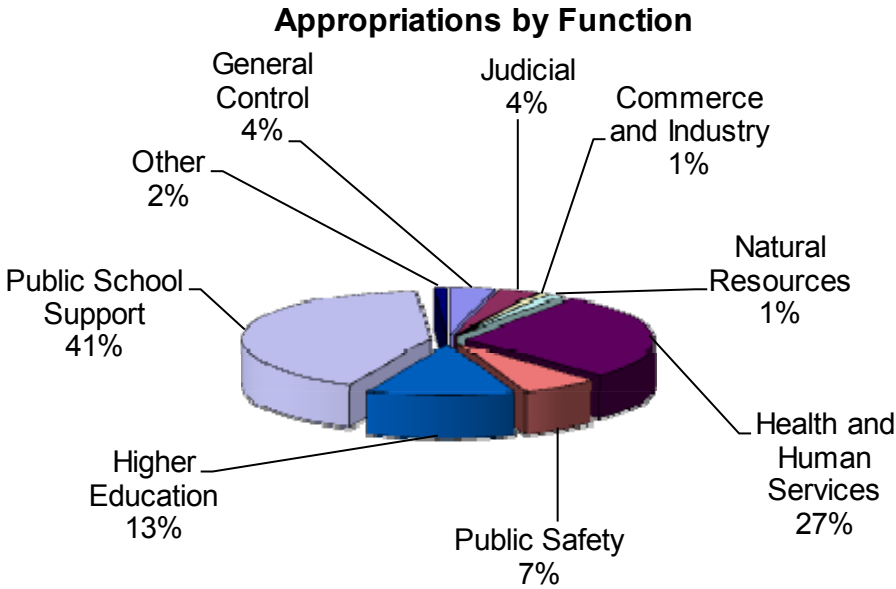
**Year Ended June 30,**  
*(in millions of dollars)*

	<b>2014</b>	2013	Increase (Decrease)
<b>Revenues</b>			
General and selective taxes	\$ 2,514.3	\$ 2,397.8	\$ 116.5
Income taxes	1,451.7	1,508.1	(56.4)
Severance taxes	557.1	438.4	118.7
License fees	51.7	50.0	1.7
Investment income	662.1	653.0	9.1
Rents and royalties	617.3	504.3	113.0
Miscellaneous receipts	244.1	233.0	11.1
Total revenues	6,098.3	5,784.6	313.7
<b>Expenditures</b>			
Appropriations			
General control	218.9	233.8	(14.9)
Legislative	24.6	27.3	(2.7)
Judicial	208.5	201.0	7.5
Commerce and industry	57.3	51.1	6.2
Natural resources	70.0	84.0	(14.0)
Health and human services	1,638.0	1,590.3	47.7
Public safety	395.7	386.8	8.9
Higher education	804.5	758.0	46.5
Public school support	2,498.7	2,402.8	95.9
Other education	75.9	91.0	(15.1)
Total appropriations	5,992.1	5,826.1	166.0
Excess (deficit) of revenues over appropriations and expenditures	106.2	(41.5)	147.7
<b>Other Financing Sources</b>			
Transfers in	-	-	-
Total other financing sources	-	-	-
Special items (Note 6 and 7)	(103.7)	-	(103.7)
Net change in fund balance	2.5	(41.5)	43.9
Fund balance - beginning	671.4	712.9	(41.5)
Fund balance - ending	\$ 673.9	\$ 671.4	\$ 2.5

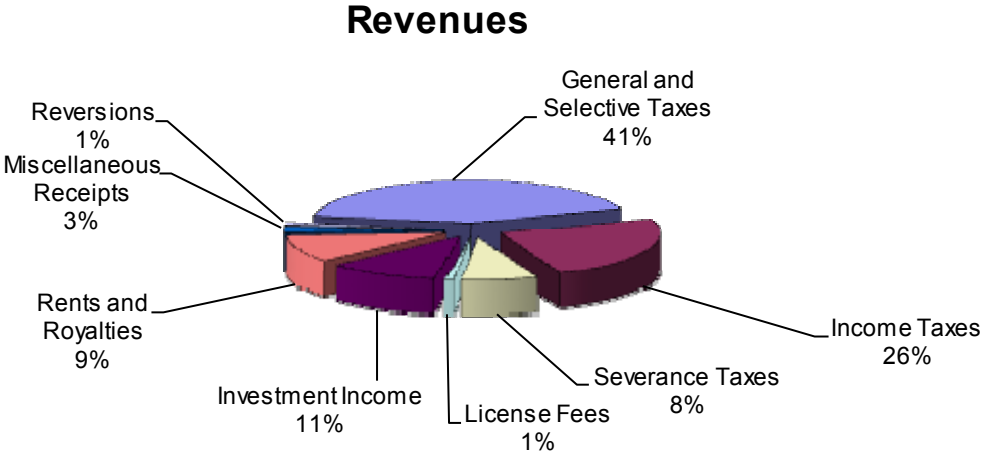
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The Funds' aggregate fund balances increased by \$2.6 million in fiscal year 2014 compared to a \$41.6 million decrease in 2013. In fiscal year 2014, revenues increased 5.4% compared to 2013, while appropriations increased 2.9%.

*Appropriations by Function*



*Aggregate Revenues*



**State of New Mexico**  
**Component Appropriation Funds**  
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**June 30, 2014**

**Economic Factors Affecting New Mexico's Fiscal Year 2014 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. Forecasts of crude oil and natural gas prices are based in part on Moody's and IHS as well as other publicly-available sources like the NYMEX futures market and the U.S. Energy Information Administration.

Trends in the U.S. Economy

After contracting during the first quarter of 2014, the U.S. economy has expanded rapidly and is now on pace to produce the fastest job growth in 15 years during 2014. National forecasters expect the housing market to improve due to increased job growth, improved credit access, and low interest rates. Low gasoline prices should boost retail, which will encourage further business investment. "Fiscal drag" resulting from federal austerity measures is diminishing. This will be particularly important for New Mexico, because the State's economy relies upon federal spending to an unusual degree.

New Mexico Economy

New Mexico employment growth has rebounded in the first half of SFY15. Thru October, New Mexico has experienced stronger job gains across most sectors. Construction and the service sector have demonstrated improve-12d growth, in addition to health services, financial services and the mining sector. These trends are expected to continue and to produce job growth near the State's long-term average of 1.5% to 2.0% over the next two fiscal years. Oil and natural gas production buoyed the New Mexico economy in SFY14. New Mexico oil production reached 113 million barrels – roughly double the volume produced in SFY09. Meanwhile the historic decline in natural gas slowed due to production of associated gas from oil. The recent decline in oil prices threatens General Fund revenues, however, cheaper gasoline should increase consumer spending and hence Gross Receipts Tax revenue.

2014 General Fund Revenue

General Fund revenues rebounded from the SFY13 decline largely as a result of high oil and gas revenues. Recurring revenue grew at 5.8 percent in SFY14, reaching a record \$6.04 billion. Growth was mainly driven by an increase in oil and gas taxes, rents, and royalties, which grew 24.6 percent to \$1.17 billion or about 19.4 percent of total recurring revenue. General sales taxes, including the gross receipts tax (GRT) and compensating tax, also experienced healthy growth of 5.2 percent. The GRT is a broad-based tax on most business receipts, and is the State's single



**State of New Mexico**  
**Component Appropriation Funds**  
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**June 30, 2014**

largest revenue source, contributing roughly one-third of General Fund revenue as well as a substantial portion of local government revenues. Permanent Fund investment income benefited from a larger fund corpus and strong stock market returns. Income tax revenues decreased slightly, reflecting a one-time acceleration of capital gains income in SFY13.

SFY14 oil- and gas-related revenues were greater than forecast and contributed the bulk of the \$179 million 6-month estimating error. General sales and personal income tax revenues also came in higher than forecast. Insurance premiums tax growth was not as strong as expected, while corporate income tax (CIT) revenues were lower than expectations.

General Fund Revenue Outlook

Total revenue is projected to increase 1.3 percent in SFY15 and 2.8 percent in SFY16. Revenue growth is hampered by the rapid decline in crude oil prices, which have fallen 25-30% since the end of SFY14. The large decrease in mineral taxes, rents and royalties is expected to be offset by growth in sales and income taxes, 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 expansion of Medicaid and dissolution of the New Mexico high-risk insurance pool through implementation of the Affordable Care Act. Timing and magnitude of these changes is uncertain. SFY16 will continue these trends.

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. Legislation passed in SFY14 will expand upon these tax reforms to allow taxpayers to carry forward net operating losses (NOLs) for 20 years. While "static" estimates have projected a slight decline in revenues in the near term, these measures are likely to encourage new business investment and economic growth, with positive effects on state revenues.

General Fund Reserves

The unexpected increase in General Fund revenues combined with prudent spending growth have bolstered the General Fund reserves, leading to a SFY14 year-end balance of 11.0 percent of recurring appropriations. The Martinez Administration advocates a 10 percent reserve balance to insure against oil and gas revenue volatility and other unforeseen contingencies. The State has been able to preserve a healthy reserve balance in part due to the consensus group's caution in forecasting General Fund revenues, as well as the Legislature's and Executive's commitment to restrain recurring spending growth in SFY15 to be consistent with the revenue level forecast by the group.

**State of New Mexico**  
**Component Appropriation Funds**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**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, 2014**

	Statorily Created Funds			
	Common School Current	Current School	State Support Reserve	Tobacco Settlement Permanent Fund
<b>Assets</b>				
Assets				
Investments, State Treasurer (Note 2)	\$ -	\$ -	\$ 1,000,000	\$ -
Investments, State Investment Council (Note 2)	-	-	-	193,461,494
Due from other state general fund accounts	-	37,526,586	-	-
Due from other state entities	37,526,586	-	-	-
Due from taxpayers	-	-	-	-
Total assets	<u>\$ 37,526,586</u>	<u>\$ 37,526,586</u>	<u>\$ 1,000,000</u>	<u>\$ 193,461,494</u>
<b>Liabilities</b>				
Liabilities				
Advance from State General Fund				
Investment Pool (Note 3)	\$ -	\$ -	\$ -	\$ -
Due to other state general fund accounts	37,526,586	37,526,586	-	-
Due to other state entities	-	-	-	-
Due to local governments	-	-	-	-
Due to taxpayers	-	-	-	-
Allowance for potential loss on State				
General Fund Investment Pool (Note 6)	-	-	-	-
Total liabilities	<u>37,526,586</u>	<u>37,526,586</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflow of Resources</b>				
Deferred inflow of resources				
Unearned revenues	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Fund balances				
Restricted	-	-	-	193,461,494
Unassigned	-	-	1,000,000	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>193,461,494</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,526,586</u>	<u>\$ 37,526,586</u>	<u>\$ 1,000,000</u>	<u>\$ 193,461,494</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	<b>Total June 30, 2014 (Memorandum Only)</b>
\$ -	\$ -	\$ 19,247,378	\$ 380,271,196	\$ 147,469,056	\$ -	\$ 547,987,630
-	-	-	-	-	-	193,461,494
37,526,586	-	-	104,541,565	-	(179,594,737)	-
924,773,831	-	2,208,512	-	-	-	964,508,929
73,308,870	-	-	-	-	-	73,308,870
<u>\$ 1,035,609,287</u>	<u>\$ -</u>	<u>\$ 21,455,890</u>	<u>\$ 484,812,761</u>	<u>\$ 147,469,056</u>	<u>\$ (179,594,737)</u>	<u>\$ 1,779,266,923</u>
\$ 764,273,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,273,123
104,541,565	-	-	-	-	(179,594,737)	-
27,244,324	-	-	74,209,762	-	-	101,454,086
25,143,542	-	-	-	-	-	25,143,542
41,097,863	-	-	-	-	-	41,097,863
-	-	-	100,000,000	-	-	100,000,000
<u>962,300,417</u>	<u>-</u>	<u>-</u>	<u>174,209,762</u>	<u>-</u>	<u>(179,594,737)</u>	<u>1,031,968,614</u>
73,308,870	-	-	-	-	-	73,308,870
<u>73,308,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,308,870</u>
-	-	-	36,000,000	-	-	229,461,494
-	-	21,455,890	274,602,999	147,469,056	-	444,527,945
-	-	21,455,890	310,602,999	147,469,056	-	673,989,439
<u>\$ 1,035,609,287</u>	<u>\$ -</u>	<u>\$ 21,455,890</u>	<u>\$ 484,812,761</u>	<u>\$ 147,469,056</u>	<u>\$ (179,594,737)</u>	<u>\$ 1,779,266,923</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, 2014**

	Statutorily Created Funds			
	Common School Current	Current School	State Support Reserve	Tobacco Settlement Permanent Fund
<b>Revenues</b>				
General and selective taxes	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-
Severance taxes	-	-	-	-
License fees	-	-	-	-
Investment income	-	449,382,121	-	-
Net increase in the fair value of investments	-	-	-	23,295,922
Rents and royalties	-	47,480,532	-	-
Miscellaneous receipts	-	5,567,376	-	29,354,437
Reversions	-	-	-	-
Total revenues	<u>-</u>	<u>502,430,029</u>	<u>-</u>	<u>52,650,359</u>
<b>Expenditures</b>				
Appropriations				
Legislative	-	-	-	-
Judicial	-	-	-	-
General control	-	-	-	24,073,440
Commerce and industry	-	-	-	-
Agriculture, energy and natural resources	-	-	-	-
Health, hospitals and human services	-	-	-	-
Public safety	-	-	-	-
Other education	-	-	-	-
Higher education	-	-	-	5,281,000
Public school support	-	502,430,029	-	-
Total expenditures	<u>-</u>	<u>502,430,029</u>	<u>-</u>	<u>29,354,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,295,919</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Items (Note 6 and 7)</b>				
Provision for the potential loss - HSD	-	-	-	-
Provision for the potential loss on the State General Fund Investment Pool	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	23,295,919
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>170,165,575</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 193,461,494</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, 2014 (Memorandum Only)
\$ 2,514,261,668	\$ -	\$ -	\$ -	\$ -	\$ 2,514,261,668
1,451,733,384	-	-	-	-	1,451,733,384
557,113,163	-	-	-	-	557,113,163
51,667,031	-	-	-	-	51,667,031
189,469,346	-	-	-	-	638,851,467
-	-	-	-	-	23,295,922
-	569,860,173	-	-	-	617,340,705
107,473,565	-	-	-	-	142,395,378
96,538,306	-	4,239,731	972,776	-	101,750,813
<u>4,968,256,463</u>	<u>569,860,173</u>	<u>4,239,731</u>	<u>972,776</u>	<u>-</u>	<u>6,098,409,531</u>
24,551,600	-	-	-	-	24,551,600
208,528,600	-	-	-	-	208,528,600
193,335,400	-	-	1,471,263	-	218,880,103
57,308,100	-	-	-	-	57,308,100
67,754,100	-	2,250,000	-	-	70,004,100
1,638,036,900	-	-	-	-	1,638,036,900
378,705,600	-	16,975,000	-	-	395,680,600
69,834,200	-	6,000,000	-	-	75,834,200
799,108,900	100,000	-	-	-	804,489,900
1,426,551,498	569,760,173	-	-	-	2,498,741,700
<u>4,863,714,898</u>	<u>569,860,173</u>	<u>25,225,000</u>	<u>1,471,263</u>	<u>-</u>	<u>5,992,055,803</u>
<u>104,541,565</u>	<u>-</u>	<u>(20,985,269)</u>	<u>(498,487)</u>	<u>-</u>	<u>106,353,728</u>
<u>(104,541,565)</u>	<u>-</u>	<u>17,000,000</u>	<u>87,541,565</u>	<u>-</u>	<u>-</u>
<u>(104,541,565)</u>	<u>-</u>	<u>17,000,000</u>	<u>87,541,565</u>	<u>-</u>	<u>-</u>
-	-	-	(73,745,820)	-	(73,745,820)
-	-	-	(30,000,000)	-	(30,000,000)
-	-	(3,985,269)	(16,702,742)	-	2,607,908
-	-	25,441,159	327,305,741	147,469,056	671,381,531
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,455,890</u>	<u>\$ 310,602,999</u>	<u>\$ 147,469,056</u>	<u>\$ 673,989,439</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**  
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**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 – SHARE Fund 71600*

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 – SHARE Fund 71700*

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

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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 – SHARE Fund 85700*

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 – SHARE Fund 95200*

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 market values of the *Tobacco Settlement Permanent Fund* for the immediately

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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 – SHARE Fund 85300***

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 Appropriations Act requires that the appropriation from the *general fund* to the

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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 – SHARE Fund 85100*

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 – SHARE Fund 85400*

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

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4. *General Operating Reserve Fund – SHARE Fund 85200*

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 fund 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 – SHARE Fund 84300*

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

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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. Unearned 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, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, 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 unassigned 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, which represents the estimated amount of personal income tax refunds in excess of final personal income tax settlements, at June 30, 2014. The estimate is based on a ten year average of final settlement payments and refunds. Fiscal year 2014 is the fourth

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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 Entities 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. *Due from Taxpayers and Unearned Revenues*—GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 states that when an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available. Amounts due from taxpayers recorded as unearned revenues are earned during fiscal year 2014, but are not readily available until more than 60 days after the fiscal year-end, resulting in the reclassification to deferred outflow of resources (due to taxpayers) and unearned revenue (deferred inflow of resources).
4. *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.
5. *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
	General Operating Reserve		85200	
Appropriations Accounts Fund	85300	Current School	71700	37,526,586
Current School Fund	71700	Common School Fund	71600	37,526,586
				<u>\$ 179,594,737</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

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- 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 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 \$36 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, 51<sup>st</sup> legislature first session* includes appropriations and language that committing the General Operating Reserve Fund to cover such shortfalls. The USDE and PED are in dispute over the calculations of the amount needed for maintenance of effort. An estimated \$36 million transfer will be made 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 \$36 million is reported in the General Operating Reserve Fund.



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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 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. Adopting GASB 65 for fiscal year 2014 resulted in the reclassification of the due from taxpayers and unearned revenue financial statement balance sheet items. These amounts are now reported as Deferred Outflows of Resources and Deferred Inflow of Resources, respectfully.

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. Adopting GASB 66 did not impact the Component Appropriation Fund’s 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

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accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 67 did not impact the Component Appropriation Fund's financial statements.

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 non-employer 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. The Funds elected to early implement this Statement during fiscal year 2014. Adopting GASB 68 did not impact the Component Appropriation Fund's financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Funds elected to early implement this Statement during fiscal year 2014. Adopting GASB 69 did not impact the Component Appropriation Fund's financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70). The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 70 did not impact the Component Appropriation Fund's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Funds' elected to early implement this Statement during fiscal year 2014. Adopting GASB 71 did not impact the Component Appropriation Fund's financial statements.

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**2) Investments**

As of June 30, 2014, 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	\$ 547,987,630
New Mexico State Investment Council		
Equities		
	Not Applicable	
Large Cap Index Pool		\$ 90,337,409
Small/Mid Cap Active Pool		1,378,027
Small/Mid Cap Index Pool		18,773,678
Non-U.S. Developed Markets Pool		15,742,195
Non-U.S. Emerging Markets Pool		3,565,801
Core Bonds		
U.S. Core Bonds Pool	1 to 10 years	42,552,455
Hedge Fund Pool	Not Applicable	17,254,800
Cash/Cash Equivalents/Accruals	Not Applicable	3,857,129
		<u>\$ 193,461,494</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 State 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 and State Investment Council pools are not rated. For additional GASB Statement No. 40, *Deposit and Investment Risk Disclosures-An Amendment of GASB Statement No. 3*, disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit reports for the New Mexico State Treasurer's Office and the State Investment Council for the fiscal year ended June 30, 2014.

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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.

**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 \$764,273,123 at June 30, 2014, 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, 2014:

SHARE System Fund Number	Source	Amount
83200	Gross Receipt Tax	\$ 345,876,958
60200	Severance Tax Permanent Fund Income	163,929,200
83200	Withholding Taxes	152,151,259
64200	Regular Income Tax - PIT	80,929,639
27900	Corporate Income Taxes	44,618,103
60100	Land Grant Permanent Fund	37,526,586
11820	Insurance Taxes	24,745,630
2000	Tribal Revenue Sharing (Indian Gaming)	16,464,096
83200	Compensating Tax	16,318,234
57800	Fire Protection Fund - Insurance Fees	16,082,190
82800	Luxury Tax	12,368,481
82800	Gaming Tax	11,055,493
82500	Motor Vehicle Excise Tax	10,867,943
Various	Other	31,575,117
		<u>\$ 964,508,929</u>

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**5) Transfers**

For fiscal year 2014, the laws of 2013, Chapter 227 from the 51st legislature, section 12(B) provides the Funds with authority to transfer \$17 million from the operating reserve to the appropriation contingency reserve to meet fiscal year 2014 obligations. In addition, for fiscal year 2014, the laws of 2014, Chapter 63 from the 51<sup>st</sup> legislature, 2<sup>nd</sup> Session, section 12 (A) and laws of 2013, Chapter 227, 51<sup>st</sup> legislature, 1<sup>st</sup> session, section 11(B) provides the Funds with authority to transfer \$105 million from the appropriation account to the general operating reserve fund to meet fiscal year 2015 obligations. For fiscal year 2014, revenues exceeded appropriations by \$105 million.

**6) General Operating Reserve Fund Contingency**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool) which is managed by the Office of the State Treasurer. The Pool is not a part of the accompanying financial statements, but is reported as 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, 2014, the Component Appropriations Funds report an aggregate investment of \$547,987,630 in the Pool (see Note 2).

The statewide cash balance in the SHARE general ledger accounts have not been reconciled to the Pool since the implementation of SHARE in July 2006. In prior years it was reported the Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE System configurations. As a result of the changes and corrections, the Department of Finance & Administration's Financial Control Division (DFA/FCD) began reconciling activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013.

The Historical Cash Reconciliation Project in partnership with an external accounting firm commenced on July 11, 2014. The scope of this project was the period of July 1, 2006 to January 31, 2013. The final report from the historical reconciliation has not been released as of December 9, 2014. However, based on the Historical Cash Reconciliation Project draft report, the State was unable to complete a reconciliation of all transactional data for the entire period. Specifically, complete data sets from agency external systems (third-party and payment load) could not be provided in a number of cases.

Given these facts regarding incomplete population data sets, as well as the magnitude and complexity of the State's transactions during the period of July 1, 2006 – January 31,

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2013, it is not possible to perform a 100%, complete and accurate historical reconciliation of all general ledger and bank activity for this period. Determining a reliable amount of any correcting adjustments to the Pool's SHARE balances at the business unit/ Office level as a result of the Historical Cash Reconciliation Project will not be possible at this time.

DFA/FCD has determined that as information becomes available to allow for corrections of cash balances within the State General Ledger for the period from July 1, 2006 through January 31, 2013. No correcting accounting adjustments will be applied to any prior period of any specific business unit or individual fund of the State. As historical cash reconciliation related correcting accounting adjustments are identified they will be made against the State's General Operating Reserve Fund. Funds reported as Component Appropriation Funds subject to correcting adjusting entries include the State Support Reserve, Appropriation Contingency Reserve and the Tax Stabilization Reserve.

In FY 2014, DFA's management increased the recorded a loss contingency from \$70 million of \$100 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that DFA management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

On December 8, 2014, DFA informed the agencies that as information becomes available to allow for corrections of cash balances within the State General Ledger for the period of July 1, 2006 through January 31, 2013, the associated correcting accounting adjustments will be made against the State's General Operating Reserve Fund within the Component Appropriation Fund's future financial statements.

**7) Federal Government Related Contingencies**

In previous years, the New Mexico Human Services Department (HSD) recorded Medicaid revenue and the related receivable of approximately \$74 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 to record a Due to Other Agencies specific to this matter as of June 30, 2014.

## Supplementary Information

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**Schedule of Revenues by Source**  
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	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	115,067,195	-	-
Fire protection	16,082,190	-	-
Gross receipts tax	1,992,034,860	-	-
Compensating tax	78,270,777	-	-
Bed surcharge tax	-	-	-
Tobacco (luxury) tax	78,478,968	-	-
Alcoholic beverage tax	26,356,823	-	-
Private car	619,892	-	-
Motor vehicle excise tax	133,274,640	-	-
Gaming tax	66,454,698	-	-
Leased vehicles surcharge	5,204,350	-	-
Gasoline tax	1,227,183	-	-
Bingo and raffle 3% tax	98,628	-	-



License Fees	Investment Income	Rents and Royalties	Miscellaneous Receipts	Total
\$ 111,297	\$ -	\$ -	\$ -	\$ 111,297
-	-	-	5,981,903	5,981,903
-	-	-	627,563	627,563
-	-	-	353,578	353,578
-	-	-	17,921	17,921
-	-	-	18,252	18,252
-	-	-	935,769	935,769
-	-	-	5,567,376	5,567,376
-	-	-	802	802
11,758,515	-	-	-	11,758,515
3,194,862	-	-	-	3,194,862
357,413	-	-	-	357,413
3,901,608	-	-	-	3,901,608
20,201,275	-	-	-	20,201,275
373,404	-	-	-	373,404
4,262,269	-	-	-	4,262,269
3,770,030	-	-	-	3,770,030
3,671,622	-	-	-	3,671,622
64,736	-	-	-	64,736
-	-	-	-	-
-	-	-	-	-
-	-	-	1,009,912	1,009,912
-	-	-	268,499	268,499
-	-	-	1,322,463	1,322,463
-	-	-	-	-
-	-	-	-	-
-	-	47,480,532	-	47,480,532
-	-	-	-	115,067,195
-	-	-	-	16,082,190
-	-	-	-	1,992,034,860
-	-	-	-	78,270,777
-	-	-	-	-
-	-	-	-	78,478,968
-	-	-	-	26,356,823
-	-	-	-	619,892
-	-	-	-	133,274,640
-	-	-	-	66,454,698
-	-	-	-	5,204,350
-	-	-	-	1,227,183
-	-	-	-	98,628

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	General and Selective Taxes	Income Taxes	Severance Taxes
Telecommunications relay surcharge	\$ 86,348	\$ -	\$ -
Net personal income taxes	-	1,451,733,384	-
Net corporate income taxes	-	-	-
Estate taxes	-	-	-
Franchise receipts	-	-	-
Fiduciary	-	-	-
Land grant permanent fund distribution	-	-	-
Federal mineral leasing	-	-	-
Oil and gas emergency school tax	-	-	500,658,559
Oil and gas conservation tax	-	-	27,244,167
Resource excise tax	-	-	13,012,973
Natural gas processors	-	-	16,197,464
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	184,342	-	-
Racing receipts	820,774	-	-
Reversions	-	-	-
Settlement/miscellaneous	-	-	-
Totals	<u>\$ 2,514,261,668</u>	<u>\$ 1,451,733,384</u>	<u>\$ 557,113,163</u>

— continued

License Fees	Investment Income	Rents and Royalties	Miscellaneous Receipts	Total
\$ -	\$ -	\$ -	\$ -	\$ 86,348
-	-	-	-	1,451,733,384
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	449,382,121	-	-	449,382,121
-	-	569,860,173	-	569,860,173
-	-	-	-	500,658,559
-	-	-	-	27,244,167
-	-	-	-	13,012,973
-	-	-	-	16,197,464
-	18,996,699	-	-	18,996,699
-	170,472,647	-	-	170,472,647
-	-	-	67,582,257	67,582,257
-	-	-	21,516,170	21,516,170
-	-	-	3,747,429	3,747,429
-	-	-	-	-
-	-	-	3,936,258	3,936,258
-	-	-	-	184,342
-	-	-	-	820,774
-	-	-	101,750,813	101,750,813
-	23,295,922	-	29,509,226	52,805,148
<u>\$ 51,667,031</u>	<u>\$ 662,147,389</u>	<u>\$ 617,340,705</u>	<u>\$ 244,146,191</u>	<u>\$ 6,098,409,531</u>

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**Schedule of Appropriations**  
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Laws of 2013 - 51st

Agency No.	SHARE		Chapter 227		Other Appropriations Chapter, Section
	Fund No.	Share Fund Name	Section 4 Amounts	Section 5 and 8 amount	
11100	12900	Legislative Council Services	\$ -	\$ -	Chapter 1, Sec 3 (A), 2nd Session
11200	13000	Legislative Finance Committee	-	-	Chapter 1, Sec 4, 2nd Session
11400	74300	Legislative Council Services/Senate Interim	-	-	Chapter 1, Sec 8, 2nd Session
11500	74400	Legislative Council Services/House Interim	-	-	Chapter 1, Sec 7, 2nd Session
11700	13100	Legislative Education Study Committee	-	-	Chapter 1, Sec 5, 2nd Session
11900	13200	Legislative Maintenance	3,988,200	-	
13100	13300	Legislature	32,000	-	Chapter 1, Sec 3 (B,C,D) and Section 6, 2nd Session
13101	20030	Legislature - Senate	-	-	
13102	20040	Legislature - House	-	-	
		<b>Total - Legislative</b>	<b>4,020,200</b>	<b>-</b>	
20500	13400	Supreme Court Law Library	1,546,700	-	
21000	13500	Judicial Standards Commission	831,200	-	
21500	13700	Court of Appeals	5,691,100	-	
21600	13800	Supreme Court	3,069,900	-	
21800	11600	Magistrate Drug Court	50,600	-	
21800	13600	Judge's Pro Tempore	30,900	-	
21800	13900	Administrative Office of the Courts	6,709,600	-	
21800	44300	AOC - Statewide Drug Court Technology Fund	-	-	
21800	58300	AOC-Non Grant Projects	194,200	-	
21800	68900	Information System	2,886,200	-	
21800	69200	Magistrate Courts	24,567,700	-	
21801	01200	Jury and Witness Fee Fund	4,020,200	-	
21801	12400	Court Appointed Attorney Fees	4,706,100	-	
21900	14000	Supreme Court Building Commission	861,400	-	
23100	14100	First Judicial District Court	6,285,500	-	
23200	14200	Second Judicial District Court	21,594,000	-	
23300	14300	Third Judicial District Court	6,188,800	-	
23400	14400	Fourth Judicial District Court	2,129,000	-	
23500	14500	Fifth Judicial District Court	6,058,700	-	
23600	14600	Sixth Judicial District Court	3,101,300	-	
23700	14700	Seventh Judicial District Court	2,262,800	-	
23800	14800	Eighth Judicial District Court	2,791,500	-	
23900	14900	Ninth Judicial District Court	3,216,300	-	
24000	15000	Tenth Judicial District Court	792,200	-	
24100	15100	Eleventh Judicial District Court	4,636,600	-	
24100	33500	Eleventh Judicial District Court/Drug Court	1,291,500	-	
24200	15200	Twelfth Judicial District Court	2,779,400	-	
24200	92900	Twelfth Judicial District Court - Other Programs	288,100	-	
24300	15300	Thirteenth Judicial District Court	6,458,700	-	
24400	15400	Bernalillo County Metropolitan Court	22,694,200	-	
25100	15500	First Judicial District Attorney	4,835,200	-	
25200	15600	Second Judicial District Attorney	17,107,200	-	
25300	15700	Third Judicial District Attorney	4,417,800	-	
25400	15800	Fourth Judicial District Attorney	3,048,400	-	

**Legislature - First Session**

**Laws of 2014 - 51st Legislature - Second Session**

Legislature - First Session		Laws of 2014 - 51st Legislature - Second Session			Total Appropriations	
Amount	Total	Chapter 63		Other Appropriations Chapter, Section	Amount	Fiscal Year 2014
		Section 5 Amount	Section 6 Amount			
\$ 5,560,000	\$ 5,560,000	\$ -	\$ -		\$ -	\$ 5,560,000
4,016,300	4,016,300	-	-		-	4,016,300
1,135,150	1,135,150	-	-		-	1,135,150
1,102,700	1,102,700	-	-		-	1,102,700
1,212,800	1,212,800	-	-		-	1,212,800
-	3,988,200	-	-		-	3,988,200
				Chapter 1, HB 1, Section 1B (9) and Section 9		
1,350,900	1,382,900	50,000	6,400		1,447,400	2,886,700
-	-	-	-	Chapter 1, HB 1, Section 1B (1,3,5,7)	2,113,250	2,113,250
				Chapter 1, HB 1, Section 1B (2,4,6,8)		
-	-	-	-		2,536,500	2,536,500
<u>14,377,850</u>	<u>18,398,050</u>	<u>50,000</u>	<u>6,400</u>		<u>6,097,150</u>	<u>24,551,600</u>
-	1,546,700	-	-		-	1,546,700
-	831,200	-	-		-	831,200
-	5,691,100	-	-		-	5,691,100
-	3,069,900	-	-		-	3,069,900
-	50,600	-	-		-	50,600
-	30,900	-	20,000		-	50,900
-	6,709,600	-	-		-	6,709,600
-	-	116,000	-		-	116,000
-	194,200	-	-		-	194,200
-	2,886,200	-	-		-	2,886,200
-	24,567,700	-	-		-	24,567,700
-	4,020,200	-	600,000		-	4,620,200
-	4,706,100	-	150,000		-	4,856,100
-	861,400	-	-		-	861,400
-	6,285,500	-	-		-	6,285,500
-	21,594,000	-	-		-	21,594,000
-	6,188,800	-	-		-	6,188,800
-	2,129,000	-	-		-	2,129,000
-	6,058,700	-	-		-	6,058,700
-	3,101,300	-	-		-	3,101,300
-	2,262,800	-	-		-	2,262,800
-	2,791,500	-	-		-	2,791,500
-	3,216,300	-	-		-	3,216,300
-	792,200	-	-		-	792,200
-	4,636,600	-	-		-	4,636,600
-	1,291,500	-	-		-	1,291,500
-	2,779,400	-	-		-	2,779,400
-	288,100	-	-		-	288,100
-	6,458,700	-	-		-	6,458,700
-	22,694,200	-	-		-	22,694,200
-	4,835,200	-	-		-	4,835,200
-	17,107,200	-	-		-	17,107,200
-	4,417,800	-	-		-	4,417,800
-	3,048,400	-	-		-	3,048,400

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Appropriations — continued**  
**For the Year Ended June 30, 2014**

Laws of 2013 - 51st

Agency No.	SHARE		Chapter 227		Other Appropriations Chapter, Section
	Fund No.	Share Fund Name	Section 4 Amounts	Section 5 and 8 amount	
25500	15900	Fifth Judicial District Attorney	\$ 4,453,200	\$ -	
25600	16000	Sixth Judicial District Attorney	2,621,000	-	
25700	16100	Seventh Judicial District Attorney	2,383,800	-	
25800	16200	Eighth Judicial District Attorney	2,482,700	-	
25900	16300	Ninth Judicial District Attorney	2,676,700	-	
26000	16400	Tenth Judicial District Attorney	998,000	-	
26100	16500	Eleventh Judicial District Attorney/Division 1	3,339,400	-	
26200	16600	Twelfth Judicial District Attorney	2,603,600	-	
26300	16700	Thirteenth Judicial District Attorney	4,808,600	-	
26400	16800	Administrative Office of the District Attorneys	2,046,200	-	
26500	16900	Eleventh Judicial District Attorney/Division 2	2,086,400	-	
		<b>Total - Judicial</b>	<b>207,642,600</b>	<b>-</b>	
30500	17000	Attorney General	8,926,900	-	
30500	27800	AG - Medicaid Fraud	511,600	-	
30800	11100	State Auditor's Office	2,882,400	-	
33300	17200	Taxation & Revenue Department - Operating	54,659,900	-	
34100	00900	DFA - Computer Systems Enhancement Fund	-	-	
34100	01000	Department of Finance and Administration - Operating	17,685,200	-	
34100	20130	DFA - County Detention Reimbursement Fund	3,300,000	-	
34100	20900	DFA - Board of Finance Emergency (85200)	-	-	NMSA 6-4-2.1, 6-1-2, Chapter 227, Sec 4, 1st Session
34100	21000	DFA - Emergency Water Supply	118,400	-	
34100	52900	DFA - General Fund Capital Outlay	-	-	
34100	61800	DFA - Leasehold Community Assistance	128,900	-	
34100	62000	DFA Special Appropriations	334,000	7,472,700	
34100	62400	Civil Legal Services Fund	1,945,700	-	
34100	69700	DFA - Tobacco Settlement Program Fund	-	-	NMSA 6-4-9
35000	17400	General Services Department	13,286,000	-	
35000	41700	General Services Department - State Aircraft Pool	500,000	-	
35000	75200	General Services Department - Group Self-Insurance Fund	-	-	
35400	34700	New Mexico Sentencing Commission	529,800	-	
35500	17500	Public Defender Department	41,799,700	-	
35600	17600	Governor's Office	3,587,100	-	
36000	17700	Lieutenant Governor's Office	585,800	-	
36100	20370	Department of Information Technology	855,800	-	
36900	17900	State Commission of Public Records	2,619,900	-	
37000	18000	Secretary of State	6,427,700	-	
37800	18100	State Personnel Board	4,159,800	-	
37900	84800	Public Employees Labor Relations Board	214,000	-	
39400	18200	State Treasurer's Office	3,684,500	-	
		<b>Total - General Control</b>	<b>168,743,100</b>	<b>7,472,700</b>	

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Legislature - First Session		Laws of 2014 - 51st Legislature - Second Session			Total Appropriations	
Amount	Total	Chapter 63		Other Appropriations Chapter, Section	Amount	Fiscal Year 2014
		Section 5 Amount	Section 6 Amount			
\$ -	\$ 4,453,200	\$ -	\$ -		\$ -	\$ 4,453,200
-	2,621,000	-	-		-	2,621,000
-	2,383,800	-	-		-	2,383,800
-	2,482,700	-	-		-	2,482,700
-	2,676,700	-	-		-	2,676,700
-	998,000	-	-		-	998,000
-	3,339,400	-	-		-	3,339,400
-	2,603,600	-	-		-	2,603,600
-	4,808,600	-	-		-	4,808,600
-	2,046,200	-	-		-	2,046,200
-	2,086,400	-	-		-	2,086,400
-	207,642,600	116,000	770,000		-	208,528,600
-	8,926,900	-	-		-	8,926,900
-	511,600	-	-		-	511,600
-	2,882,400	-	-		-	2,882,400
-	54,659,900	50,000	-		-	54,709,900
-	-	7,650,700	-		-	7,650,700
-	17,685,200	-	-		-	17,685,200
-	3,300,000	-	-		-	3,300,000
1,471,263	1,471,263	-	-		-	1,471,263
-	118,400	-	-		-	118,400
-	-	-	-		-	-
-	128,900	-	-		-	128,900
-	7,806,700	4,450,000	-		-	12,256,700
-	1,945,700	-	-		-	1,945,700
24,073,440	24,073,440	-	-		-	24,073,440
-	13,286,000	350,000	-		-	13,636,000
-	500,000	-	-		-	500,000
-	-	-	-		-	-
-	529,800	-	-		-	529,800
-	41,799,700	-	-		-	41,799,700
-	3,587,100	-	-		-	3,587,100
-	585,800	-	-		-	585,800
-	855,800	-	3,913,400		-	4,769,200
-	2,619,900	-	-		-	2,619,900
-	6,427,700	700,000	-		-	7,127,700
-	4,159,800	-	-		-	4,159,800
-	214,000	-	5,500		-	219,500
-	3,684,500	-	-		-	3,684,500
25,544,703	201,760,503	13,200,700	3,918,900		-	218,880,103

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Appropriations — continued**  
**For the Year Ended June 30, 2014**

Laws of 2013 - 51st

Agency No.	SHARE		Chapter 227		Other Appropriations Chapter, Section
	Fund No.	Share Fund Name	Section 4 Amounts	Section 5 and 8 amount	
34101	85300	Cumbres and Toltec Scenic Railroad Commission	\$ 98,700	\$ -	
41700	48000	NM Border Authority	334,800	-	
41800	18800	Tourism Department	10,308,900	-	
41900	18900	Economic Development Department	6,592,800	-	
41900	63800	Industrial Development (In-Plant Training)	-	-	
42000	20120	Regulation and Licensing Department	28,800	-	
42000	43300	Regulation and Licensing Department	13,116,400	-	
43000	55000	Public Regulation Commission Operating	7,035,600	-	
46500	53600	Gaming Control Board	5,547,600	-	
46900	19200	State Racing Commission	2,345,400	-	
49100	74800	Office of Military Base Planning and Support	144,400	-	
49500	87100	New Mexico Space Port Authority	456,200	-	
		<b>Total - Commerce and Industry</b>	<b>46,009,600</b>	<b>-</b>	
50500	19300	Office of Cultural Affairs	28,884,600	-	
50800	39500	New Mexico Livestock Board	975,000	-	
52100	19900	Energy, Mineral and Natural Resource Department	10,208,000	-	
52100	20010	EMNRD / State Parks	10,730,100	-	
52100	21300	EMNRD - Emergency Fire/ Insect and Disaster	-	-	Executive Orders
53800	82900	Intertribal Ceremonial Office	105,000	-	
55000	21400	Office of State Engineer	15,521,400	-	
		<b>Total - Agriculture, Energy and Natural Resources</b>	<b>66,424,100</b>	<b>-</b>	
60300	28400	Office of African American Affairs	700,800	-	
60400	04600	Commission for Deaf and Hard of Hearing	300,000	-	
60500	06000	Martin Luther King, Jr., Commission	213,800	-	
60600	04700	Commission for the Blind	2,052,900	-	
60900	04800	New Mexico Office of Indian Affairs	2,413,600	-	
62400	04900	Aging and Long-term Services Dept - Administration	44,885,100	-	
63000	05200	Human Services Department - General Operating Fund	106,512,000	-	
63000	97500	HSD Income Support - Care & Support	11,901,700	-	
63000	97600	HSD Medical Assistance	917,903,000	-	
63100	32900	NMDWS Operating Fund	3,486,500	-	
64400	50000	Division of Vocational Rehabilitation	5,616,700	-	
64500	05800	Governor's Commission on Disability	1,038,700	-	
64700	07900	Developmental Disabilities Planning Council	4,830,800	-	
66500	06100	Department of Health / General Operating	290,417,500	-	
66500	20480	DOH - Fort Bayard Medical Center	4,050,000	-	
66500	25700	DOH - Trauma System Fund	3,946,200	-	
66500	75600	DOH - Emergency Medical Services	3,073,100	-	
66500	95810	DOH - Birthing Workforce Retention	31,300	-	
66700	06400	Department of Environment	11,468,400	-	
66800	49300	Office of the Natural Resources Trustee	87,000	-	
67000	06500	Veterans' Service Department	3,160,800	-	
69000	06700	Children, Youth and Families Department	151,898,700	-	
69000	20080	Children, Youth and Families Department	9,235,900	-	
69000	20090	Children, Youth and Families Department	2,690,000	-	



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<b>Legislature - First Session</b>		<b>Laws of 2014 - 51st Legislature - Second Session</b>			<b>Total</b>	
<b>Amount</b>	<b>Total</b>	<b>Chapter 63</b>		<b>Other Appropriations Chapter, Section</b>	<b>Amount</b>	<b>Appropriations</b>
		<b>Section 5 Amount</b>	<b>Section 6 Amount</b>			<b>Fiscal Year 2014</b>
\$ -	\$ 98,700	\$ -	\$ -		\$ -	\$ 98,700
-	334,800	-	-		-	334,800
-	10,308,900	-	-		-	10,308,900
-	6,592,800	10,800,000	-		-	17,392,800
-	-	-	-		-	-
-	28,800	-	-		-	28,800
-	13,116,400	-	-		-	13,116,400
-	7,035,600	-	498,500		-	7,534,100
-	5,547,600	-	-		-	5,547,600
-	2,345,400	-	-		-	2,345,400
-	144,400	-	-		-	144,400
-	456,200	-	-		-	456,200
-	46,009,600	10,800,000	498,500		-	57,308,100
-	28,884,600	300,000	-		-	29,184,600
-	975,000	490,000	-		-	1,465,000
-	10,208,000	150,000	-		-	10,358,000
-	10,730,100	-	-		-	10,730,100
2,250,000	2,250,000	-	-		-	2,250,000
-	105,000	65,000	-		-	170,000
-	15,521,400	325,000	-		-	15,846,400
2,250,000	68,674,100	1,330,000	-		-	70,004,100
-	700,800	-	-		-	700,800
-	300,000	-	-		-	300,000
-	213,800	-	-		-	213,800
-	2,052,900	75,000	-		-	2,127,900
-	2,413,600	-	-		-	2,413,600
-	44,885,100	175,000	-		-	45,060,100
-	106,512,000	-	-		-	106,512,000
-	11,901,700	-	-		-	11,901,700
-	917,903,000	-	-		-	917,903,000
-	3,486,500	-	221,000		-	3,707,500
-	5,616,700	-	-		-	5,616,700
-	1,038,700	50,000	-		-	1,088,700
-	4,830,800	-	164,000		-	4,994,800
-	290,417,500	25,000	-		-	290,442,500
-	4,050,000	-	-		-	4,050,000
-	3,946,200	-	-		-	3,946,200
-	3,073,100	-	-		-	3,073,100
-	31,300	-	-		-	31,300
-	11,468,400	-	-		-	11,468,400
-	87,000	-	-		-	87,000
-	3,160,800	-	-		-	3,160,800
-	151,898,700	50,000	-		-	151,948,700
-	9,235,900	-	-		-	9,235,900
-	2,690,000	-	-		-	2,690,000

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Appropriations — continued**  
**For the Year Ended June 30, 2014**

Laws of 2013 - 51st

Agency No.	SHARE		Chapter 227		Other Appropriations Chapter, Section
	Fund No.	Share Fund Name	Section 4 Amounts	Section 5 and 8 amount	
69000	48900	CYFD / Protective Services	\$ 19,045,100	\$ -	
69000	49100	CYFD / Child Care Payments Fund	33,290,400	-	
69000	78000	CYFD / Children's' Trust Fund Expendable	221,400	-	
69000	83900	CYFD / Juvenile Community Corrections	2,658,600	-	
69000	84100	CYFD / JJDP / Children's Justice	146,900	-	
		<b>Total - Health, Hospitals and Human Services</b>	<b>1,637,276,900</b>	<b>-</b>	
70500	07000	Dept of Military Affairs - Adjutant General Emergency	-	-	Executive Order
70500	89200	Department of Military Affairs	-	-	
70500	93200	Dept of Military Affairs - Service Member Life Ins	1,150,000	-	
70500	99200	Department of Military Affairs	5,660,400	-	
76000	90500	Parole Board	492,900	-	
76500	90600	Juvenile Parole Board	15,000	-	
77000	07700	Corrections Industries	150,000	-	
77000	90200	Community Corrections Program	3,169,800	-	
77000	90700	Corrections Department	239,238,700	-	
77000	91500	Probation & Parole Division	27,241,500	-	
78000	90900	Crime Victims Reparation Commission	1,837,100	-	
79000	12800	Department of Public Safety	96,113,200	-	
79500	20050	Homeland Security	2,424,300	-	
79500	20380	Homeland Security - Governor's Disaster Declarations	-	-	Executive Order
		<b>Total - Public Safety</b>	<b>377,492,900</b>	<b>-</b>	
92400	05700	Public Education Department	11,711,900	-	
92400	11420	PED / Pre K Plus Fund	15,950,000	-	
92400	51300	PED / Pre Kindergarten Fund	14,950,000	-	
92400	79000	PED / Special Projects	26,122,300	-	
92400	56200	PED / Teacher Professional Development	-	-	
92400	85600	PED / Instructional Materials	-	-	
		<b>Total - Other Education</b>	<b>68,734,200</b>	<b>-</b>	
34100	10300	San Juan College	24,172,500	-	
34100	10400	New Mexico Junior College	6,220,500	-	
34100	10500	New Mexico State University	194,053,300	-	
34100	10600	Central New Mexico Community College	51,647,300	-	
34100	10700	Eastern New Mexico University	43,825,800	-	
34100	10800	Luna Vocational Technical Institute	8,172,300	-	
34100	10900	Santa Fe Community College	13,350,000	-	
34100	22200	New Mexico Highlands University	29,860,300	-	
34100	22300	Mesalands Community College	4,296,700	-	
34100	22400	New Mexico Institute of Mining and Technology	36,335,100	-	
34100	22400	New Mexico Institute of Mining and Technology (851)	100,000	-	
34100	22600	New Mexico Military Institute	2,185,000	-	
34100	22700	Western New Mexico University	18,868,500	-	
34100	22800	Northern New Mexico Community College	10,999,200	-	

Legislature - First Session		Laws of 2014 - 51st Legislature - Second Session			
Amount	Total	Chapter 63		Other Appropriations Chapter, Section	Total Appropriations
		Section 5 Amount	Section 6 Amount		Fiscal Year 2014
\$ -	\$ 19,045,100	\$ -	\$ -		\$ - \$ 19,045,100
-	33,290,400	-	-		- 33,290,400
-	221,400	-	-		- 221,400
-	2,658,600	-	-		- 2,658,600
-	146,900	-	-		- 146,900
-	1,637,276,900	375,000	385,000		- 1,638,036,900
750,000	750,000	-	-		- 750,000
-	-	-	-		- -
-	1,150,000	-	-		- 1,150,000
-	5,660,400	-	-		- 5,660,400
-	492,900	-	-		- 492,900
-	15,000	-	-		- 15,000
-	150,000	-	-		- 150,000
-	3,169,800	-	-		- 3,169,800
-	239,238,700	-	-		- 239,238,700
-	27,241,500	-	-		- 27,241,500
-	1,837,100	-	-		- 1,837,100
-	96,113,200	400,000	-		- 96,513,200
-	2,424,300	-	812,700		- 3,237,000
16,225,000	16,225,000	-	-		- 16,225,000
16,975,000	394,467,900	400,000	812,700		- 395,680,600
-	11,711,900	-	-		- 11,711,900
-	15,950,000	-	-		- 15,950,000
-	14,950,000	-	-		- 14,950,000
-	26,122,300	1,100,000	-		- 27,222,300
-	-	2,500,000	-		- 2,500,000
-	-	3,500,000	-		- 3,500,000
-	68,734,200	7,100,000	-		- 75,834,200
-	24,172,500	-	-		- 24,172,500
-	6,220,500	-	-		- 6,220,500
-	194,053,300	148,000	-		- 194,201,300
-	51,647,300	-	-		- 51,647,300
-	43,825,800	150,000	-		- 43,975,800
-	8,172,300	-	-		- 8,172,300
-	13,350,000	-	-		- 13,350,000
-	29,860,300	-	-		- 29,860,300
-	4,296,700	-	-		- 4,296,700
-	36,335,100	-	-		- 36,335,100
-	100,000	-	-		- 100,000
-	2,185,000	-	-		- 2,185,000
-	18,868,500	-	-		- 18,868,500
-	10,999,200	-	-		- 10,999,200

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Appropriations — continued**  
**For the Year Ended June 30, 2014**

Laws of 2013 - 51st

Agency No.	SHARE		Chapter 227		Other Appropriations Chapter, Section
	Fund No.	Share Fund Name	Section 4 Amounts	Section 5 and 8 amount	
34100	23000	Clovis Community College	\$ 9,640,600	\$ -	
34100	23100	New Mexico School for the Blind and Visually Impaired	1,125,500	-	
34100	23200	New Mexico School for the Deaf	4,016,600	-	
34100	23300	University of New Mexico	296,571,200	-	
95000	21600	HED/Special Programs	21,976,600	-	
95000	63705	HED/Lottery Tuition Fund	-	-	
95000	63700	HED/Lottery Tuition Fund			NMSA 6-4-9
95000	78200	HED/Performance Development	1,250,000	-	
95000	91000	Higher Education Department/Operations	-	-	
95000	91000	Higher Education Department/Operations	11,499,100	5,844,800	
		<b>Total - Higher Education</b>	<u>790,166,100</u>	<u>5,844,800</u>	
92400	63300	PED / Indian Education	1,824,600	-	
92400	72500	Public School Energy Fund	282,025	-	
92400	79000	PED / Dual Credit Instructional Materials	857,000	-	
92400	85600	Instructional Material Fund (851)	20,975,800	-	
92400	85800	Public School Support/ML (851)	548,784,373	-	
92400	85800	Public School Support/CS (717)	464,903,443	-	
92400	85800	Public School Support/Special Education MOE	10,000,000	-	
92400	85800	Public School Support	1,451,114,459	-	
		<b>Total - Public School Support</b>	<u>2,498,741,700</u>	<u>-</u>	
		<b>Total - Component Appropriation Accounts</b>	<u>\$ 5,865,251,400</u>	<u>\$ 13,317,500</u>	

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<b>Legislature - First Session</b>		<b>Laws of 2014 - 51st Legislature - Second Session</b>			
Amount	Total	Chapter 63		Other Appropriations Chapter, Section	Total Appropriations
		Section 5 Amount	Section 6 Amount		Fiscal Year 2014
\$ -	\$ 9,640,600	\$ -	\$ -		\$ - \$ 9,640,600
-	1,125,500	-	-		- 1,125,500
-	4,016,600	-	-		- 4,016,600
-	296,571,200	-	-		- 296,571,200
-	21,976,600	-	-		- 21,976,600
-	-	2,900,000	-		- 2,900,000
5,281,000	5,281,000	-	-		- 5,281,000
-	1,250,000	-	-		- 1,250,000
-	-	-	-		- -
-	17,343,900	-	-		- 17,343,900
<u>5,281,000</u>	<u>801,291,900</u>	<u>3,198,000</u>	<u>-</u>		<u>- 804,489,900</u>
-	1,824,600	-	-		- 1,824,600
-	282,025	-	-		- 282,025
-	857,000	-	-		- 857,000
-	20,975,800	-	-		- 20,975,800
-	548,784,373	-	-		- 548,784,373
-	464,903,443	-	-		- 464,903,443
-	10,000,000	-	-		- 10,000,000
-	1,451,114,459	-	-		- 1,451,114,459
-	2,498,741,700	-	-		- 2,498,741,700
<u>\$ 64,428,553</u>	<u>\$ 5,942,997,453</u>	<u>\$ 36,569,700</u>	<u>\$ 6,391,500</u>		<u>\$ 6,097,150 \$ 5,992,055,803</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities**  
**June 30, 2014**

Share System Fund Number	Description	Amount
12900	Legislative Council Services	\$ 539,272
13000	Legislative Finance Committee	62,380
74300	Legislative Council Services-Senate	288,288
74400	Legislative Council Services-House	274,516
13100	Legislative Education Study Committee	64,129
13200	Legislative Building Services	325,543
13400	Supreme Court Law Library	10,140
13700	Court of Appeals	36,184
13800	Supreme Court	404
Various	Administrative Office of the Courts	56,262
14000	Supreme Court Building	1,119
67900	Second Judicial District Court	1,811
92400	Third Judicial District Court	12,046
14400	Fourth Judicial District Court	3,709
14600	Sixth Judicial District Court	2,655
14700	Seventh Judicial District Court	60,802
14800	Eighth Judicial District Court	2,113
14900	Ninth Judicial District Court	3,464
15000	Tenth Judicial District Court	1,908
15100	Eleventh Judicial District Court	3,086
15200	Twelfth Judicial District Court	1,960
15300	Thirteenth Judicial District Court	2,000
15400	Bernalillo County Metro. Court	19,686
15500	First Judicial District Attorney	14,327
15900	Fifth Judicial District Attorney	48,923
16000	Sixth Judicial District Attorney	416
16100	Seventh Judicial District Attorney	73,169
16300	Ninth Judicial District Attorney	2,754
16400	Tenth Judicial District Attorney	297
16500	Eleventh Judicial District Attorney	452
16600	Twelfth Judicial District Attorney	8,583
16700	Thirteenth Judicial District Attorney	152,784
16800	Administrative Office of the District Attorney	4,227
16900	Eleventh Judicial District Attorney, Division II	17,006
17000	Office of the Attorney General	695,248
11100	State Auditor's Office	35,068
17200	Taxation and Revenue Department	894,787
27900	Corporate Income Taxes	50,877,838
64200	Regular Income Tax - PIT	18,163,591
82500	Motor Vehicle Excise Tax	10,867,943
82500	Weight Distance Tax	26,307

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities — continued**  
**June 30, 2014**

Share System Fund Number	Description	Amount
82500	Traffic Violations/Penalty Assessment	\$ 581,317
82500	Court Fines	100
82800	Fiduciary Income Taxes	(71,786)
82800	Bingo and Raffle Tax	22,367
82800	Liquor Tax /Alcoholic Beverages	4,887,185
82800	Gasoline Tax	1,801,816
82800	Special Fuel Tax	13,615
82800	911 Emergency Surcharge Tax	226
82800	Luxury Tax	12,390,595
82800	Gaming Tax	11,059,588
82800	Telecommunications Relay Surcharge	13,738
82800	Environment Dept. Filing Fees	(57)
83100	Worker's Compensation	84,757
83200	Withholding Taxes	155,519,874
83200	Gross Receipt Tax	366,566,697
83200	Compensating Tax	16,515,587
83200	Lease Vehicle Surcharge	889,535
83300	Severance - School Tax	139,170,198
83300	Severance Tax - Processors	2,933,385
83300	Severance - Conservation Resource	202,871
83300	Severance - Conservation	7,416,691
83300	Resource Excise - Copper	1,349,353
83300	Resource Excise - Potash	130,425
83300	Resource Excise - Others	871,743
60100	Land Grant Permanent Fund	37,526,586
60200	Severance Tax Permanent Fund Income	14,206,054
01000	Department of Finance and Administration	1,630,288
20900	Department of Finance and Administration	125,119
21000	Department of Finance and Administration	32,572
52900	Department of Finance and Administration	6,254
62000	Department of Finance and Administration	56,854
73600	DFA Law Enforcement Protection	3,936,258
73700	DFA Small County Assistance	3,747,429
76500	Department of Finance and Administration	546
93100	Department of Finance and Administration	30,198
96600	Department of Finance and Administration	3,000
34700	NM Sentencing Commission	30
17600	Office of the Governor	429,192
17700	Office of the Lieutenant Governor	49,268
20370	Department of Information Technology	42,916
17900	State Commission of Public Records	52,783
18000	Secretary of State	223,065

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Other State Entities — continued**  
**June 30, 2014**

Share System Fund Number	Description	Amount
18100	State Personnel Board	\$ 84,489
84800	Public Employee Labor Relation Board	59
N/A	Tobacco Luxury/New Mexico Finance Authority	603,957
02000	Tribal Revenue Sharing (Indian Gaming)	16,464,096
18200	State Treasurer's Office	96,117
80100	State Treasurer Earnings on State Balances	7,723,943
26900	NM Sports Authority	101,872
18800	Tourism Department	20,938
18900	Economic Development Department	201,720
43300	Regulation and Licensing Department	176,269
50800	PRC Insurance Taxes	25,745,630
55000	Public Regulation Commission	391,000
57800	Fire Protection Fund - Insurance Fees	16,082,190
11810	Superintendent of Insurance	4,580,894
53600	Gaming Control Board	339,257
19200	State Racing Commission	306,082
74800	Military Homebase Planning	1,107
19900	Energy, Mineral and Natural Resources Department	11,038
77300	Boat Excise Tax	63,689
21300	Energy, Mineral and Natural Resources Department	644,901
28400	Office of African American Affairs	63,937
4900	Aging and Long-Term Services Department	43,000
32900	Department of Workforce Solutions	4,924,921
5800	Governor's Commission on Disability	4,389
50204	Death and Birth Certificate Fees	167,798
6101	Department of Health	744,290
6400	Environment Department	260,939
65200	Environment Department	342,143
49300	Office of the Natural Resources Trustee	1,848
6500	Department of Veteran Services	353,174
6700	Children, Youth and Families Department	380,693
7000	Military Affairs Department	1,563,611
99200	Military Affairs Department	27,039
90500	Adult Parole Board	48,922
90900	Crime Victims Reparation Commission	2,023
12800	Department of Public Safety	341,735
93100	Department of Transportation	98,814
Various	Public Education Department	12,971,883
91000	Higher Education Department	423,093
	Total due from other state entities	<u>\$ 964,508,929</u>



**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due From Taxpayers**  
**June 30, 2014**

Share System Fund Number	Description	Amount
27900	Corporate Income Tax	\$ 2,835,257
64200	OGP - Remitter	6,246,334
64200	PTW - Owner	5,400
64200	PTW - Remitter	21,347,140
64200	Personal Income Tax	7,063,477
82800	Fiduciary	(164,190)
82800	Bingo and Raffle Tax	3,259
82800	Tobacco Tax	74,785
82800	Liquor Excise Tax	2,562
82800	Water Conservation Tax	20,214
83100	Workers' Compensation	27,496
83200	Withholding Taxes	16,958,449
83200	Gross Receipt Tax	18,406,588
83200	Compensating Tax	475,119
83300	Resource Excise Tax	6,980
	Total due from taxpayers	<u>\$ 73,308,870</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due to Local Governments**  
**June 30, 2014**

Share System Fund Number	Description	Amount
832	Taxation and Revenue Dept. (Unidentified 60 Day Remittances) due to local governments	\$ 25,143,542
	Total due to local governments	<u>\$ 25,143,542</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due to Taxpayers**  
**June 30, 2014**

Share System Fund Number	Description	Amount
833	Taxation and Revenue Dept. (Oil & Gas Advance Payments)	\$ 41,097,863
	Total due to taxpayers	<u>\$ 41,097,863</u>

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Amounts Due To Other State Entities**  
**June 30, 2014**

Share System Fund Number	Description	Amount
80100	Interest on State Funds Fund	\$ 17,244,324
85800	Public Education Department	10,000,000
05200	Human Services Department (see note 7)	73,745,820
20900	DFA - Board of Finance Emergency	463,942
	Total due to other state entities	<u>\$ 101,454,086</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, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2014. We modified our report for the Component Appropriation Funds as more fully described in our audit opinion beginning on page one.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *Schedule of Finding and Response*, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Finding and Response* to be a material weakness. 2013-001.

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 Component Appropriation Funds' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Management's Response to Finding**

The Component Appropriations Funds' response to the finding identified in our audit is described in the accompanying *Schedule of Finding and Response*. The Component Appropriation Funds' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "REDW LLC". The signature is written in a cursive, flowing style.

Albuquerque, New Mexico  
December 15, 2014

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Finding and Response**  
**For the Year Ended June 30, 2014**

**Section I — Financial Statement Findings**

**2013-001 – Timely Resolution of Uncertainties (Material Weakness)**

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*Condition:* As of June 30, 2013, the General Operating Reserve Fund reported a \$70 million allowance for potential loss related to the reconciliation of the New Mexico State General Fund Investment Pool (the Pool) which was estimated to be \$100 million as of June 30, 2014. 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 2014 financial statements is now at \$100 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. Cash Remediation Project Phase 2 was started in December 2014. The project objectives will focus on payment processing, cash control processing and general ledger processing. The changes will also be needed in preparation for the SHARE upgrade.

**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Finding and Response**  
**For the Year Ended June 30, 2014**

Section I — Financial Statement Findings — continued

2013-001 – Timely Resolution of Uncertainties (Material Weakness) — continued

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In October 2014 an independent consultant was hired to perform a reconciliation of the historical balances. During the reconciliation it became apparent that there was not sufficient detail to confirm the historical balances to the bank. The State will choose a date to begin a point forward balance and the cash balances will be adjusted to the reconciled bank balances. Any adjustments will be offset against the money that was set aside for the loss contingency.



**State of New Mexico**  
**Component Appropriation Funds**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2014**

<b>Audit Finding</b>	<b>Status</b>
2013-001	Unresolved
2013-002	Resolved.

**State of New Mexico**  
**Component Appropriation Funds**  
**Corrective Action Plan**  
**For the Year Ended June 30, 2014**

<b>Audit Finding</b>	<b>Responsible Party</b>	<b>Corrective Action to Be Taken</b>	<b>Target Date</b>
<b>2013-001</b>	<b>Deputy Cabinet Secretary</b>	See Management's Response 2013-001	Management is assessing the information from the Historical Cash Reconciliation Project Final Findings Report and establishing a timeline of completion.

**State of New Mexico**  
**Component Appropriation Funds**  
**Exit Conference**  
**For the Year Ended June 30, 2014**

**Exit Conference**

An exit conference was conducted on December 8, 2014, 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

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

Tom Friend	Principal
Javier Machuca	Senior Manager
Richard Gillespie	Senior Auditor

Financial Statement Preparation

The State of New Mexico Component Appropriation Funds (Funds) independent public accountants assisted in the preparation of the financial statements presented in this report; however, the Funds' management is responsible for the financial statement and disclosure content. The Funds' management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.