

TAXATION 
REVENUE
N E W M E X I C O

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
AUDITORS**

JUNE 30, 2015

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**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT**

Official Roster

Year Ended June 30, 2015

<u>Name</u>	<u>Title</u>
Demesia Padilla, CPA	Cabinet Secretary
John Monforte	Deputy Secretary
Division Directors:	
Adolfo Montoya	Administrative Services Division
Jim Wastvedt	Information Technology Division
Ron Scott	Audit and Compliance Division
Terry Rister	Revenue Processing Division
Cesario Quintana	Property Tax Division
William Duran	Motor Vehicle Division
Alvan Romero	Tax Fraud Investigations Division



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INDEPENDENT AUDITORS' REPORT

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor
New Mexico Taxation and Revenue Department
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the New Mexico Taxation and Revenue Department (Department), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's nonmajor governmental and fiduciary funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standard Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Department as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2015, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21 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

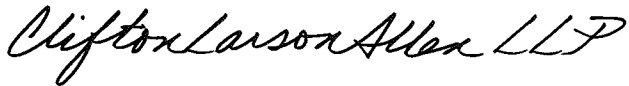
Our audit was conducted for the purpose of forming opinions on the Department's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 2.2.2 NMAC as identified in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The vendor schedule required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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* in considering the Department's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 25, 2015

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The New Mexico Taxation and Revenue Department's (Department) (TRD) discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the Department's financial activity; (c) identify changes in the Department's financial position (ability to address future year challenges); (d) identify any material deviations from the financial plan (approved budget), and (e) identify fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts; please read it in conjunction with the Department's financial statements and notes which follow this section.

Financial Highlights

The assets of the New Mexico Taxation and Revenue Department exceeded its liabilities at the close of the most recent fiscal year by \$61,121,397 (net position). \$28,896,798 of this amount represents the Department's net investment in capital assets. The remainder includes fund balances restricted for special appropriations and subsequent year expenditures related to the Department's non-reverting programs.

The Department's net position increased by \$8,534,278 during FY15. The change in net position resulted from an increase in the Investment in Capital Assets for purchases of data processing equipment and software enhancements to the Department's major computer processing systems.

The total cost of all Department programs (net of program revenue) was \$88,408,661. The Department administers and enforces New Mexico's taxation and revenue laws and motor vehicle code.

Department Accomplishments

FY 2015 TRD Collections and Distributions

Net Collections: TRD collected a total of \$7.5 billion in FY15. Combined reporting system taxes (gross receipts, withholding and compensating taxes) were the single largest category of collections at \$4.8 billion, or 63%, of total collections. Mineral extraction taxes were next at \$1.0 billion, or 13%. Income taxes were \$540 million, or 7%. Motor vehicle taxes and fees were \$374.0 million, or 5%, and other state funds were \$892 million, or 12%.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Net Distributions: TRD distributed a total of \$8.3 billion in FY15. Of those distributions; \$4.4 billion, or 53%, was distributed to the State General Fund, \$1.7 billion, or 22%, was distributed to local governments, \$204 million, or 3%, was distributed to the New Mexico Department of Transportation, and \$1.8 billion, or 22%, was distributed to other state funds.

Revenue Enhancement Efforts

The Department continued its tax compliance efforts in fiscal year 2015 (FY15). The total FY15 compliance effort was \$350.6 million, including collections. This represents a \$34.2 million decrease from FY14 resulting from a change in the interpretation of statutes related to credit denials.

The discovery data warehouse identified 11,610 noncompliant taxpayers through audit and IRS matching programs of income sources for delinquent taxpayers totaling \$19.8 million in FY15. The Questionable Refund Unit reviewed over 22,000 returns in FY15 and stopped \$19.7 million in fraudulent refunds from being paid.

Compliance Enforcement Program

In fiscal year 2015 (FY15), the Tax Fraud Investigations Division (TFID) referred seven criminal cases to four different district attorney's in New Mexico for criminal prosecution recommendation. Four of the cases were in Northern New Mexico while the remaining three were in Southern New Mexico. The outcome of these investigations will have a widespread impact on voluntary tax compliance in these areas. The FY15 prosecution rate is 78%.

TFID continues to evaluate referrals from law enforcement agencies as well as other state agencies and works jointly with other agencies when warranted. The types of investigations in FY15 included three separate tax return preparers which are complex and labor intensive. TFID also investigated two separate embezzlement cases that were referred by the New Mexico Regulation and Licensing Division and the First Judicial District of New Mexico. TFID also worked a joint investigation with the U.S. Drug Enforcement Administration in northern New Mexico.

The Internal Investigations Bureau (IIB) continued to evaluate fraudulent documents submitted by foreign nationals seeking to obtain a New Mexico's driver's license. Previous investigations completed in this area led to the prosecution of an individual in FY15. Thirteen investigations were referred to IIB during FY15 involving the investigation of employee misconduct and other violations against MVD, of which nine were completed during the same fiscal year.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Internal Audit

Internal Audit achieved many of its goals during its first year as a separate function under the office of the secretary. A risk based enterprise risk assessment was conducted and an audit program was developed based on the results of this assessment. Processes that have not been historically audited were reviewed and efficiencies in customary compliance audits resulted in increased coverage. Internal Audit’s monitoring process was instituted, which has increased accountability and tracking. Of particular significance, Internal Audit instituted a TRD-wide corporate culture assessment.

During Fiscal Year 2015, Internal Audit completed thirty-three (33) audits as shown in the table below.

Internal Audit Completed During FY 2015	
Division/Department	Audits
ACD	7
ASD	1
TFID	1
MVD	21
RPD	1
OOS	2
Total	33

Infrastructure/Networking

The Information Technology Division of TRD accomplished the following enhancement initiatives in FY15:

The Data Warehouse Bureau implemented a number of revenue generating initiatives using the Data Warehouse’s capabilities which included the following:

- Updated Audit Selection capabilities for TRD and IRS. This enhanced revenue generation of unpaid taxes to the general fund and the IRS.
- They also built a mechanism to auto create LEVY’s using third party data. This enhanced collection of assessments to the general fund.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The **GenTax Bureau** implemented an additional four tax programs to enable taxpayers to e-file through the Taxpayer Access Point (TAP) on TRD's website. The four additional tax programs are:

- NM Information Return for Pass-Through Entities (PTE)
- NM Sub-Chapter S Corporate Income
- NM Franchise Tax Return (S-Corp)
- NM Corporate Income Tax and Franchise Tax Return (CIT)

This implementation resulted in improved customer service for taxpayers as:

- Tap is available 24 hours a day
- Electronic filing is free
- Taxpayers can view, file and amend returns.
- Taxpayers can view and make electronic payments by credit card or e-check.
- Taxpayers can manage their New Mexico tax account online.
- Since TAP is integrated with GenTax, returns filed through TAP are processed faster and more accurately than previously through paper.

The **Infrastructure Bureau** accomplished a number of initiatives in FY15 including:

An initial build-out of a Disaster Recovery Site for Tapestry (the new Motor Vehicle System) which will be completed in September of 2016.

- This included building storage, server, backup and network infrastructure to be able to warm site the Tapestry application as well as other mission critical TRD applications. This will allow the department to deliver critical applications in the event of a localized disaster.

The Tapestry Environment Build

- A complete ground up infrastructure build-out to support Tapestry and its subsidiary applications. This modern and robust architecture will ensure that these applications have a solid, reliable foundation for years to come.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The MVD Systems Bureau developed and implemented a web application that allows boat owners to register their boats.

- This application allows boat owners to register their boats online in a self-serve process. While improving customer service, this application also improves efficiency by keeping customers out of the field offices and cutting down on the number of boat registrations that are mailed causing them to be manually processed.

Delinquent Property Accounts

The Property Tax Division, Delinquent Property Tax Bureau is responsible for the collection of real property taxes that have been delinquent for more than two years. During FY15 the Bureau resolved a total of 11,067 delinquent property accounts, either by field collections or through property tax sales. Total collections netted \$3,754,620 in penalty and interest, \$871,540 in State Cost and \$28,100 on Installment Agreements which totals to overall collections of \$4,654,260, all of which funds the Property Tax Division.

Field collections resolved 9,447 accounts or 85.4% of the total resolved delinquent property accounts. The amount of penalty and interest collected through field collections was \$3,425,265 or 91.2% of the total penalty and interest collected. Field collections netted \$777,753 in State Cost or 89.2% of the total State Cost collected.

Installment Agreements are executed when delinquent taxpayers need time to meet their obligations. These payment contracts generally have a 36 month term. Penalty and interest collections from Installment Agreements totaled \$41,568. State Cost from Installment Agreements totaled \$5,550.

Accounts that are not resolved through field collections or installment agreements are scheduled for sale. There were 40 property tax sales conducted in FY15. The number of accounts offered for sale was 2,506. Property Tax Sales resolved 886 accounts or 8.0% of the total resolved delinquent property accounts. The amount of penalty and interest collected through sales was \$287,835 or 7.7% of the total penalty and interest collected. Sale collections also netted \$88,236 in State Cost which equates to 10.0% of the total State Cost collected.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The Property Tax Division's, Delinquent Property Tax Bureau increased the number of tax sales held to 40 in FY15. In FY15, there were multiple sales in some counties. A total of 2,506 accounts were listed for sale. Of that number, 734 accounts (29.3%) were sold. An additional 886 (35.4%) accounts were resolved prior to sale making total accounts resolved through sale or listing for sale 1,620 (14.6% of total accounts resolved).

We intend to hold one in each of New Mexico's 33 Counties in FY16 as well as multiple sales in individual counties as needed. In FY15 the Property Tax Division concentrated on selling properties that were in their tenth year of delinquency. Delinquencies aged more than ten years are statutorily uncollectable. It seemed logical to prevent unrecoverable losses in property tax revenue.

The result didn't meet our expectations. The strategy of prioritizing ten year delinquencies didn't help us achieve our goal of returning the maximum delinquent base taxes to our counties and resolving the highest amount of accounts. Ten year delinquencies proved less valuable than the majority of delinquencies and had higher percentages of delinquent taxes that were uncollectable. Easements and arroyos are common examples of properties that should have been taken off the tax roll well before they reached our delinquency list. While it is appropriate to include a representative sample of these accounts in our collection efforts, the fiscal year results for FY15 reflected declining performance compared with the past three fiscal years.

Electronically Filed Tax Returns

The Revenue Processing Division (RPD) received approximately 870,767 Personal Income Tax (PIT) returns and 1,047,895 Combined Reporting System (CRS) gross receipts tax returns that were filed electronically. These returns amount to 82% of all incoming PIT returns and 84% of all CRS returns received by the Department.

In addition, RPD received and processed 65,017 PIT returns with a 2-D Bar code. These returns are paper returns that are mailed in, where data from the returns is electronically read from the 2-D bar code as the return is processed through the scanning equipment and the information is then uploaded into the system automatically without manual data entry. Approximately 20% - 25% of the electronically filed returns do not meet edit criteria and must be reviewed by the edit error staff.

An electronic filing option for the Corporate Income Tax (CIT) returns was available for the first time this year. Returns included for the first time in the CIT program are Corporate Income Tax, S-Corp, and Pass Thru Entity. For the first year available, there were 26,451 (35%) of the returns filed electronically.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Motor Vehicle

Over the last few years, the New Mexico Motor Vehicle Division (MVD) began its journey toward performance excellence with several process improvement and customer satisfaction initiatives. The goal of these initiatives is to meet the MVD Mission which is "Outstanding service to the motoring public, every customer, every transaction, and every time". These initiatives intended to help MVD exceed customer expectations by providing service that is consistent, timely, accurate and confidential. During FY15, MVD had several key achievements to include:

- MVD continues to maintain a high level of customer satisfaction with an average rating of better than 95 percent good or excellent as captured by our Expressia Customer Satisfaction system in our Field Offices. More than 50 percent of all Field Offices customers provided customer satisfaction feedback in FY15. MVD's rating is based on more than 800,000 field office transactions.
- MVD has continually surpassed the Legislative Key Performance Indicator of a 20 minute wait time for all State Field Offices. Currently MVD has an average wait time of 10:25 for our Field Offices.
- The number of MVD's online transactions continue rise and in FY15 we reached a high of 37 percent which is the highest since implementation.
- MVD successfully rolled out the first phase of Tapestry, which is the re-modernization of a 30+ year old legacy system. The first phase included Driver Services and the second phase, scheduled to roll out September of 2016, will include Vehicle Services.
- MVD continues to reduce the number of complaints about MVD to the Governor, Lieutenant Governor, Legislators and the TRD Cabinet Secretary's Office. In FY15, these complaints were reduced by 22 percent overall.
- MVD's annual budget as a percentage of annual revenues is still the lowest in the nation, at 7 percent. The average among other jurisdictions is 10 to 11 percent.
- MVD's total annual revenue per total FTE is still among the highest in the nation at \$1.2 million per FTE. The nationwide average is approximately \$800,000.
- In FY15, MVD won its third consecutive Quality New Mexico performance excellence award.

MVD's improved service outcomes were achieved through a business plan approach, maximizing MVD's operational resources along with MVD's fund balances.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) major governmental fund financial statements, and 3) notes to the financial statements. This report also contains other non-major combining and individual governmental fund statements and supplementary information, including the schedule of expenditures of federal awards, in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government and consist of a statement of net position and a statement of activities. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Both statements distinguish between the governmental and business-type activities of the primary government.

Fiduciary activities whose resources are not available to finance the government's programs are excluded from the government-wide statements.

The Department does not engage in any business type activities and therefore all the Department's basic services are included in the governmental activities. State appropriations, allocated fees, and federal grants finance most of these activities. The funds included in Governmental Activities for the Department are the General Operating Fund, the Weight Distance Tax Permit Fee Fund, the Drive MVD Fund, the Native American Fund and the Property Valuation Special Revenue Fund.

Fund Financial Statements. Fund financial statements consist of a series of statements that focus on information about the major governmental funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund financial statements (enterprise funds) and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The major fund is the General Fund, which is the Department's primary operating fund and includes the Weight Distance Tax Permit Fee Fund, the Drive MVD Fund, and the Native American Fund.

The non-major funds include the Property Valuation Special Revenue Fund, in which funds are legally restricted for loans to counties to assist them with residential and non-residential property valuations, and the STB Capital Outlay Capital Projects Fund which accounts for severance tax bond funded capital projects.

The Department has two types of funds:

Governmental Funds – Most of the Department's services are included in governmental funds which focus on (a) how cash and other financial assets, that can be readily converted to cash, flow in and out, and (b) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

Fiduciary Funds – The fiduciary funds are used to report assets held in trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Agency fiduciary funds are not included with the governmental-type funds since these funds are not available to support the Department's programs. The Department's fiduciary funds are maintained to receive primarily taxes and some fees. These monies are then distributed to the state general fund, counties, municipalities, other state agencies and other entities.

Notes to the Financial Statements. The notes to the financial statements consist of information that is essential to a user's understanding of the basic financial statements.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Budgetary Comparisons. In addition to the MD&A, budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget are required to be presented.

The budgetary comparison schedules present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor in 2 NMAC 2.2, the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Financial Analysis of the Department as a Whole

Net Position: Total Department net position for fiscal year ended June 30, 2015 is \$61,121,397. However, most of those assets are either restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, etc.). The restricted net position in Governmental Activities is \$24,840,172 at the end of the fiscal year. Restricted net position includes \$424,546 legally committed for loans to other counties and \$24,415,626 in fund balances designated for subsequent year expenditures related to the Department's non-reverting programs. More detailed information is presented in Note 17 to the financial statements.

The Department's Net Position

	2015	2014
Assets		
Current and other assets	\$ 45,765,999	42,543,568
Capital assets	<u>28,896,798</u>	<u>20,990,634</u>
Total assets	<u>74,662,797</u>	<u>63,534,202</u>
Liabilities		
Current liabilities	<u>13,541,400</u>	<u>10,947,083</u>
Total liabilities	<u>13,541,400</u>	<u>10,947,083</u>
Net Position		
Net investment in capital assets	28,896,798	20,990,634
Restricted	24,840,172	21,383,174
Unrestricted	<u>7,384,427</u>	<u>10,213,311</u>
Total net position	<u>\$ 61,121,397</u>	<u>52,587,119</u>

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Governmental Activities: The table below summarizes the Department's activities for the fiscal years ended June 30, 2015 and 2014. Total change in net position from the previous fiscal year was \$8,534,278.

The Department's Governmental Activities

	2015	2014
Program expenses	\$ (90,160,478)	(85,244,174)
Program revenue	<u>1,751,817</u>	<u>1,660,870</u>
Net program (expense) revenue	<u>(88,408,661)</u>	<u>(83,583,304)</u>
General revenues	100,274,956	92,046,366
Transfers and reversions	<u>(3,332,017)</u>	<u>(2,176,836)</u>
Net general revenues, transfers and reversions	<u>96,942,939</u>	<u>89,869,530</u>
Change in net position	<u>8,534,278</u>	<u>6,286,226</u>
Net position, beginning of year, as previously reported	52,587,119	41,254,122
Restatement to capital assets	<u>-</u>	<u>5,046,771</u>
Net position, beginning of year, as restated	<u>52,587,119</u>	<u>46,300,893</u>
Net position, end of year	<u>\$ 61,121,397</u>	<u>52,587,119</u>

Revenues for the governmental activities totaled \$102,026,773 and \$93,707,236 in the fiscal years ended June 30, 2015 and 2014, respectively. The increase is primarily attributable to special appropriations received in FY15 for the Motor Vehicle System upgrade, severance tax bond proceeds received for the purchase of equipment and an increase in MVD administrative fees.

The Department's program expenses for government-type activities during the fiscal year were \$90,160,478. Personnel services and employee benefits totaled \$58,481,062 or 65% of the program expenses. Other costs of \$16,501,259 or 19% of expenditures was used to support the General Fund operations of the Department such as computer usage, telecommunications, printing motor vehicle forms and tax forms, postage, and leases for rent of office space.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Governmental Funds: The General Fund of the Department is used to account for the Department's primary operations. Of the total fund balance of \$33,981,198, \$9,005,814 is legally committed for items funded with special appropriations received by the Department. An additional \$24,415,627 is restricted/committed for subsequent year expenditures related to the Department's non-reverting programs.

The Property Valuation special revenue fund is used to fund loans to counties to assist them with residential and non-residential property valuations. The fund balance of \$424,576 is legally committed for this purpose.

During FY15, capital asset activity included \$11,049,581 of capital outlay purchases for data processing equipment and software enhancements to the Department's major computer processing systems.

Fund Balance: As the Department completed the year, its governmental funds reported a combined fund balance of \$34,405,774. More detailed information about the Department's fund balances is presented in Note 17 to the financial statements.

General Fund Budgetary Highlights

The New Mexico State Legislature makes annual appropriations to the Department. Amendments to the appropriated budget require approval by the Budget Division of the Department of Finance and Administration with review by the Legislative Finance Committee.

Over the course of the year, the Department adjusts its budget as authorized in the Appropriation Act. These budget adjustments fall into three categories:

- Supplemental and special appropriations that are reflected in the actual beginning account balances (correcting the estimated amounts in the budget adopted for the fiscal year).
- Budget adjustment requests made during the fiscal year to allow the Department to utilize funds where needed.
- Budget adjustment requests that increase or decrease other state funds based on actual revenues.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Operating Fund 17200: Changes between the original and final budgets were \$4,136,677 for the Operating Fund. The difference between the original operating revenue budget and the final operating revenue budget included \$454,394 in prior year fund balance re-budgeted for Motor Vehicle Program initiatives and \$439,291 in federal grants.

Actual revenues collected which are classified as Other State Funds, were \$26,542,841 or \$2,593,541 higher than the Operating Budget Amount. This represents an 11% increase over the budgeted amount primarily due to the Property Tax Program exceeding its target for FY15 in collections of penalty and interest on delinquent property taxes.

Actual Federal grants revenue collected was \$1,751,817, which represents a 12% decrease from the budgeted amount. The U.S. Department of Transportation CDL grant funds a portion of the MVD project to upgrade the driver and vehicle systems. The grant funded portion of the project is delayed until the new driver system is in production.

Weight Distance Tax Permit Fee Fund 99400: Changes between the original and final budgets were \$400,000 for the Weight Distance Tax Permit Fee Fund. The difference between the original operating revenue budget and the final operating revenue budget was for prior year cash balance re-budgeted for Motor Vehicle Program initiatives.

Actual Weight Distance Administrative Fees collected during FY15 exceeded the budget by \$1,795,583. As a non-reverting program, fund balances will be assigned for subsequent year expenditures.

Drive MVD Fund 79800: Changes between the original and final budgets were \$292,610 for the Drive MVD Fund. The difference between the original operating revenue budget and the final operating revenue budget was for federal grant funds to support the MVD project to upgrade the driver and vehicle systems.

Capital Assets

At the end of fiscal year 2015, the Department has invested a total of \$44,717,061 in governmental-type activities in capital assets. This amount represents a net decrease (including additions, adjustments and deductions) of \$341,505 (1.0%) less than last year of \$45,058,566 in gross capital assets without taking accumulated depreciation into account.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The Department's Capital Assets

	2015	2014
Furniture and fixtures	\$ 562,878	960,607
Software	35,132,772	28,254,414
Machinery and data processing equipment	8,353,710	10,051,542
Tenant leasehold improvements	534,799	712,762
Vehicles	132,902	82,454
Construction in process		4,996,787
	<u>44,717,061</u>	<u>45,058,566</u>
Accumulated depreciation	<u>(15,820,263)</u>	<u>(24,067,932)</u>
Net total	<u>\$ 28,896,798</u>	<u>20,990,634</u>

The FY15 increase represents capital outlay acquisitions for purchases of data processing equipment and software enhancements to the Department's major computer processing systems. The Tapestry software upgrade was placed in service in June 2015 with a cost of \$4,996,787. More detailed information about the Department's capital assets is presented in Note 6 to the financial statements.

Debt Administration

The Department does not have any long-term debt.

Economic Factors and Next Year's Budgets

The Department's budget is appropriated to the following programs:

- Program Support
- Tax Administration Act
- Property Tax Program
- Motor Vehicle Program
- Compliance Enforcement Program

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

The Department's operating budget for fiscal year 2016 is \$86,203,100 and includes 1,096.0 full time equivalents (FTE). This represents a 1.3% decrease from FY15 primarily from a decrease in the General Fund appropriation as represented in Chapter 63, Section 11 of the Laws of 2014.

The Laws of 2014, Chapter 63, Section 7, Item 3 extended the appropriation for \$6,000,000 to stabilize and modernize the ONGARD revenue system through FY16.

The Laws of 2015, Chapter 101, Section 7, Item 3 appropriated \$8,861,500 to implement the motor vehicle division system modernization project funded from the computer systems enhancement fund and program cash balances.

Performance Measures

The Department collects data to measure success in meeting performance measure targets to address the requirements for the Accountability in Government Act (AGA), Sections 6-3A-1 through 6-3A-8 NMSA 1978.

Performance measures should enhance program performance and accountability, ultimately leading to improved services for New Mexicans. The Department periodically reviews and proposes changes to identify which services have had strong outcomes and which have had poor or weak results and why. This encourages the agency to focus on results and how best to deliver services.

The Department continues to work with the Legislative Finance Committee (LFC) and the State Budget Division to report and streamline measures that are meaningful and useful.

Key measures and FY15 results are summarized in the following table.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Type of Measure	HB2 Measure	FY15 Target	FY15 Result
	Tax Administration Act		
Output	Percent of electronically filed returns (PIT, CRS)	90%	92%
Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	65%	58.6%
Outcome	Collections as a percent of collectables outstanding balances from the end of the prior fiscal year	18%	15.5%
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	10.0:1	11.7:1
Outcome	Percent of baseline and funded delinquent tax collection targets met	100.0%	104%
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days	100%	100%
	Motor Vehicle Program		
Efficiency	Average call center wait time to reach an agent, in minutes	6	5:09
Outcome	Percent of registered vehicles with liability insurance	92%	91%
Efficiency	Average wait time in Q-Matic equipped offices, in minutes	20	15:36
Efficiency	Average number of days to post "court action" driving-while intoxicated citation to driver's record on receipt	1.0	1.0
Quality	Percent of customers rating customer service as good or higher	85%	98.5%
Efficiency	Web transactions as a percent of total transactions	25%	34.8%
	Property Tax Program		
Outcome	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value	95%	97%
Output	Percent of counties in which a delinquent property sale was held	66%	84.8%
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$10.0	\$10.4

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Type of Measure	HB2 Measure	FY15 Target	FY15 Result
	Compliance Enforcement Program		
Outcome	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year	50%	78%
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	95%	100%
Outcome	Percent of internal investigations completed with sixty days	55%	80%
	Program Support		
Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	<0.5%	0.2%
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	15	14.9
Outcome	Percent of projects certified by the department of information technology completed within budget	100%	100%
Outcome	Number of tax protest cases resolved	1,200	1,380
Outcome	Percent of matched combine reporting system taxes distributed timely	100%	100%
Output	Percent of internal audit recommendations implemented	90%	83%

Contacting the Agency's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, and investors and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

New Mexico Taxation & Revenue Department
Administrative Services Division Director
Post Office Drawer 630
Joseph M. Montoya Building Room 3040
Santa Fe, New Mexico 87504-0630

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF NET POSITION
June 30, 2015**

	Governmental Activities
ASSETS	
Unrestricted cash on hand	\$ 25,203
Interest in the State Treasurer General Fund	
Investment Pool	
Unrestricted	40,813,261
Restricted for loans to counties	424,546
Receivables	
Due from federal government	195,195
Loans to counties, net	-
Other receivables, net	21,165
Due from agency funds	3,696,182
Due from other state agencies	106,342
Prepaid expenses	29,951
Inventory of supplies	504,602
Capital assets, net	28,896,798
	<hr/>
Total assets	74,713,245
	<hr/>
LIABILITIES	
Cash overdraft	50,448
Accounts payable	7,726,520
Accrued payroll	1,528,371
Due to other state agencies	30,742
Due to State General Fund	2,039,643
Other liabilities	34,950
Compensated absences	2,181,174
	<hr/>
Total liabilities	13,591,848
	<hr/>
NET POSITION	
Net investment in capital assets	28,896,798
Restricted for loans to counties	424,546
Restricted for other purposes	24,415,626
Unrestricted	7,384,427
	<hr/>
Total net position	\$ 61,121,397
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See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Program Support	Tax Administration Act	Motor Vehicle Program	Property Tax Program	Compliance Enforcement	Governmental Activities
Program Expenses	\$ 36,600,345	31,489,211	16,977,895	3,149,355	1,943,671	90,160,477
Total program expenses	36,600,345	31,489,211	16,977,895	3,149,355	1,943,671	90,160,477
Program Revenues						
Federal operating grants	-	1,338,107	413,709	-	-	1,751,816
Total program revenues	-	1,338,107	413,709	-	-	1,751,816
Net Program Expense	(36,600,345)	(30,151,104)	(16,564,186)	(3,149,355)	(1,943,671)	(88,408,661)
General Revenues						
Other state funds:						
Delinquent Property Tax						4,894,791
Penalty and Interest						3,831,484
Weight Distance Administrative Fees						17,854,260
MVD Administrative Fees						7,641,717
Other Administrative Fees						
Total general revenues						34,222,252
Transfers and Reversions						
State General Fund appropriations						57,018,700
State General Fund special appropriations						7,271,494
Severance tax bond proceeds						361,613
Transfers from other state agencies						1,400,897
Transfers to other state agencies						(1,268,400)
Reversions to State General Fund - FY15						(2,039,611)
Reversions to State Land Office - FY15						(24,006)
Total transfers and reversions						62,720,687
Net General Revenues, Transfers and Reversions						96,942,939
Change in net position						8,534,278
Net position, beginning of year						52,587,119
Net position, end of year						\$ 61,121,397

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015

	<u>Major Funds</u> <u>General</u>	<u>Other Governmental</u> <u>Funds</u>	<u>Total Governmental</u>
ASSETS			
Interest in the State Treasurer General Fund			
Investment Pool	\$ 40,813,261	424,546	41,237,807
Cash on hand	25,203	-	25,203
Receivables:			
Due from federal government	195,195	-	195,195
Loans to counties, net	-	-	-
Other receivables, net	21,165	-	21,165
Due from:			
Other funds	3,696,300	-	3,696,300
Other state agencies	1,140	105,202	106,342
Inventory of supplies	504,602	-	504,602
Prepaid expenses	29,951	-	29,951
Total assets	\$ 45,286,817	529,748	45,816,565
LIABILITIES AND FUND BALANCES			
Liabilities			
Cash overdraft	\$ -	50,448	50,448
Accounts payable	7,671,796	54,724	7,726,520
Accrued payroll	1,528,371	-	1,528,371
Due to other funds	118	-	118
Due to other state agencies	30,742	-	30,742
Due to State General Fund	2,039,643	-	2,039,643
Other liabilities	34,950	-	34,950
Total liabilities	11,305,620	105,172	11,410,792
Fund Balances			
Nonspendable:			
Inventory of supplies	504,602	-	504,602
Prepaid expenses	29,951	-	29,951
Restricted	16,152,300	-	16,152,300
Committed	17,269,141	424,576	17,693,717
Assigned	25,203	-	25,203
Total fund balances	33,981,197	424,576	34,405,773
Total liabilities and fund balances	\$ 45,286,817	529,748	45,816,565

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total Fund Balances - Governmental Funds (Governmental Fund Balance Sheet)	\$ 34,405,773
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not included in the governmental funds, but capitalized in the Statement of Net Position	44,717,061
Accumulated depreciation recorded in the Statement of Net Position, but not recorded in the governmental funds	(15,820,263)
	<u>28,896,798</u>
Compensated absences recorded in the Statement of Net Position, but not recorded in the governmental funds	(2,181,174)
	<u>(2,181,174)</u>
Net position of governmental activities (Statement of Net Position)	\$ 61,121,397

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>Major Funds</u> <u>General</u>	<u>Other Governmental</u> <u>Funds</u>	<u>Total Governmental</u>
Revenues			
Other state funds	\$ 34,221,898	354	34,222,252
Federal funds	1,751,817	-	1,751,817
Total revenues	35,973,715	354	35,974,069
Expenditures			
Current			
Personal services and employee benefits	58,481,064	-	58,481,064
Contractual services	12,003,211	-	12,003,211
Other costs	16,501,258	-	16,501,258
Capital outlay	10,687,968	361,613	11,049,581
Total expenditures	97,673,501	361,613	98,035,114
Excess (Deficiency) of Revenues Over Expenditures	(61,699,786)	(361,259)	(62,061,045)
Other Financing Sources (Uses)			
State General Fund appropriations	57,018,700	-	57,018,700
State General Fund special appropriations	7,271,494	-	7,271,494
Severance tax bond proceeds	-	361,613	361,613
Transfers from other state agencies	1,400,897	-	1,400,897
Transfers to other state agencies	(1,268,400)	-	(1,268,400)
Other sources	-	-	-
Other transfers	-	-	-
Reversions to State General Fund - FY15	(2,039,611)	-	(2,039,611)
Reversions to State Land Office - FY15	(24,006)	-	(24,006)
Total other financing sources (uses)	62,359,074	361,613	62,720,687
Net changes in fund balances	659,288	354	659,642
Fund balances, June 30, 2014	33,321,909	424,222	33,746,131
Fund balances, June 30, 2015	\$ 33,981,197	424,576	34,405,773

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$	659,642
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital asset additions recorded as expenditures in the governmental D funds but capitalized in the Statement of Net Position		11,049,581
Loss on disposal of capital assets not recorded as expenditures in the governmental funds		(45,838)
Depreciation expense recorded in the Statement of Activities but not recorded as expenditures in the governmental funds		(3,097,579)
Net change in compensated absences recorded in the Statement of Activities as a liability but not recorded in the governmental funds		<u>(31,528)</u>
Change in net position of governmental activities (Statement of Activities)	\$	<u>8,534,278</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200
Year Ended June 30, 2015

PROGRAM SUPPORT

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 20,595,600	20,095,600	20,095,600	-
Other state funds	804,000	804,000	721,411	(82,589)
Other sources	907,300	907,300	907,300	-
Total revenues	22,306,900	21,806,900	\$ 21,724,311	(82,589)
Fund Balance Budgeted	-	-		
Total revenues and fund balance budgeted	\$ 22,306,900	21,806,900		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 14,715,000	14,105,000	13,619,632	485,368
Contractual services	3,760,300	3,790,300	3,746,058	44,242
Other	3,831,600	3,911,600	3,799,012	112,588
Total expenditures	\$ 22,306,900	21,806,900	21,164,702	642,198

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

TAX ADMINISTRATION ACT *

	TAX ADMINISTRATION ACT *			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 22,019,500	22,519,500	22,519,500	-
Other state funds	6,659,200	6,659,200	6,916,727	257,527
Federal funds	1,506,800	1,507,378	1,338,107	(169,271)
Other sources	348,800	351,300	351,300	-
Total revenues	30,534,300	31,037,378	\$ 31,125,634	88,256
Fund Balance Budgeted	-	-		
Total revenues and fund balance budgeted	\$ 30,534,300	31,037,378		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 24,066,800	24,669,300	24,292,055	377,245
Contractual services	110,600	110,600	89,638	20,962
Other	6,356,900	6,257,478	5,828,667	428,811
Total expenditures	\$ 30,534,300	31,037,378	30,210,360	827,018

* Less Fund 99400

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

MOTOR VEHICLE PROGRAM *

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
	Revenues				
State General Fund Appropriations	\$ 12,409,100	12,409,100	12,409,100	-	
Other state funds	12,843,300	12,843,300	13,926,731	1,083,431	
Federal funds	-	438,713	150,780	(287,933)	
Other sources	149,500	149,500	149,500	-	
Total revenues	25,401,900	25,840,613	\$ 26,636,111	795,498	
Fund balance budgeted	-	950,500			
Total revenues and fund balance budgeted	\$ 25,401,900	26,791,113			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ 15,442,500	15,690,983	15,330,695	360,288	
Contractual services	4,095,200	4,824,434	4,113,541	710,893	
Other	5,864,200	6,275,696	5,931,378	344,318	
Other financing uses	-	-	-	-	
Total expenditures	\$ 25,401,900	26,791,113	25,375,614	1,415,499	

* Less Funds 99400 and 79800

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

PROPERTY TAX PROGRAM

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Other state funds	3,378,900	3,378,900	4,894,983	1,516,083
Total revenues	3,378,900	3,378,900	4,894,983	1,516,083
Fund balance budgeted	-	168,945		
Total revenues and fund balance budgeted	\$ 3,378,900	3,547,845		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 2,537,200	2,537,200	2,329,972	207,228
Contractual services	194,000	362,945	194,039	168,906
Other	647,700	647,700	624,087	23,613
Total expenditures	\$ 3,378,900	3,547,845	3,148,098	399,747

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

COMPLIANCE ENFORCEMENT

	COMPLIANCE ENFORCEMENT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 1,994,500	1,994,500	1,994,500	-
Other state funds	263,900	263,900	82,989	(180,911)
Other sources	35,600	35,600	35,600	-
Total revenues	2,294,000	2,294,000	\$ 2,113,089	(180,911)
Fund balance budgeted	-	-		
Total revenues and fund balance budgeted	\$ 2,294,000	2,294,000		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 1,951,500	1,951,500	1,623,931	327,569
Contractual services	24,000	24,000	3,958	20,042
Other	318,500	318,500	309,315	9,185
	\$ 2,294,000	2,294,000	1,937,204	356,796

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

Fund 17200 SPECIAL APPROPRIATIONS
Gentax Upgrade Z20704

PROGRAM SUPPORT

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
Other sources	\$ -	-	-	-
Total revenues	-	-	-	-
Fund balance budgeted	-	-		
	\$ -	-		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	\$ -	-	-	-

Stabilize & Modernize ONGARD Z20705

PROGRAM SUPPORT

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Other sources	-	2,340,891	2,340,891	-
Total revenues	-	2,340,891	\$ 2,340,891	-
Fund balance budgeted	899,601	1,134,151		
	\$ 899,601	3,475,042		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	353,000	39,794	313,206
Contractual services	894,000	3,069,441	932,413	2,137,028
Other	5,601	52,601	44,256	8,345
Other financing uses	-	-	-	-
Total expenditures	\$ 899,601	3,475,042	1,016,463	2,458,579

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
OPERATING FUND 17200 (CONTINUED)
Year Ended June 30, 2015

	TOTAL OPERATING FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 57,018,700	57,018,700	57,018,700	-
Other state funds	23,949,300	23,949,300	26,542,841	2,593,541
Federal Funds	1,506,800	1,946,091	1,488,887	(457,204)
Other sources	1,441,200	3,784,591	3,784,591	-
Total revenues	83,916,000	86,698,682	\$ 88,835,019	2,136,337
Fund balance budgeted	899,601	2,253,596		
Total revenues and fund balance budgeted	\$ 84,815,601	88,952,278		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 58,713,000	59,306,983	57,236,079	2,070,904
Contractual services	9,078,100	12,181,720	9,079,647	3,102,073
Other	17,024,501	17,463,575	16,536,715	926,860
Other financing uses	-	-	-	-
Total expenditures	\$ 84,815,601	88,952,278	82,852,441	6,099,837

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
WEIGHT DISTANCE TAX PERMIT FEE FUND 99400
Year Ended June 30, 2015

TAX ADMINISTRATION ACT

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ 929,700	929,700	747,734	(181,966)
Total revenues	929,700	929,700	\$ 747,734	(181,966)
Fund balance budgeted	-	-		
Total revenues and fund balance budgeted	\$ 929,700	929,700		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 811,800	811,800	747,734	64,066
Contractual services	-	-	-	-
Other	117,900	117,900	24,009	93,891
Other financing uses	-	-	-	-
Total expenditures	\$ 929,700	929,700	771,743	157,957

MOTOR VEHICLE PROGRAM

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ 1,106,200	1,106,200	3,083,749	1,977,549
Total revenues	1,106,200	1,106,200	\$ 3,083,749	1,977,549
Fund balance budgeted	1,265,900	1,665,900		
Total revenues and fund balance budgeted	\$ 2,372,100	2,772,100		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 728,700	728,700	401,276	327,424
Contractual services	174,800	574,800	560,324	14,476
Other	202,700	202,700	142	202,558
Other financing uses	1,265,900	1,265,900	1,265,900	-
Total expenditures	\$ 2,372,100	2,772,100	2,227,642	544,458

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL -
WEIGHT DISTANCE TAX PERMIT FEE FUND 99400 (CONTINUED)
Year Ended June 30, 2015

	<u>TOTAL WEIGHT DISTANCE TAX PERMIT FEE FUND</u>			
	<u>Budgeted Amounts</u>		<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other state funds	\$ 2,035,900	2,035,900	3,831,483	1,795,583
Total revenues	2,035,900	2,035,900	<u>\$ 3,831,483</u>	<u>1,795,583</u>
Fund balance budgeted	1,265,900	1,665,900		
Total revenues and fund balance budgeted	<u>\$ 3,301,800</u>	<u>3,701,800</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 1,540,500	1,540,500	1,149,010	391,490
Contractual services	174,800	574,800	560,324	14,476
Other	320,600	320,600	24,151	296,449
Other financing uses	1,265,900	1,265,900	1,265,900	-
Total expenditures	<u>\$ 3,301,800</u>	<u>3,701,800</u>	<u>2,999,385</u>	<u>702,415</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
DRIVE MVD FUND 79800
Year Ended June 30, 2015

PROGRAM SUPPORT

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	Revenues			
Other state funds	\$ 101,200	101,200	95,975	(5,225)
Federal funds	-	-	-	-
Total revenues	101,200	101,200	\$ 95,975	(5,225)
Fund balance budgeted	-	-		
Total revenues and fund balance budgeted	\$ 101,200	101,200		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 101,200	101,200	95,977	5,223
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	\$ 101,200	101,200	95,977	5,223

MOTOR VEHICLE PROGRAM

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ -	-	-	-
Federal funds	-	292,610	262,929	(29,681)
Total revenues	-	292,610	\$ 262,929	(29,681)
Fund balance budgeted	-	-		
Total revenues and fund balance budgeted	\$ -	292,610		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	192,610	163,073	29,537
Other	-	100,000	99,856	144
Other financing uses	-	-	-	-
Total expenditures	\$ -	292,610	262,929	29,681

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
DRIVE MVD FUND 79800 (CONTINUED)
Year Ended June 30, 2015

FUND 798 SPECIAL APPROPRIATION
MVD Fix Z90703

	PROGRAM SUPPORT			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ -	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	\$ -	-
Fund Balance Budgeted	7,209,166	7,209,166		
Total revenues and fund balance budgeted	\$ 7,209,166	7,209,166		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 25,000	-	-	-
Contractual services	7,159,166	6,986,067	6,877,306	108,761
Other	25,000	223,099	222,682	417
Other financing uses	-	-	-	-
Total expenditures	\$ 7,209,166	7,209,166	7,099,988	109,178

FUND 798 SPECIAL APPROPRIATION
MVD Driver Z00703

	PROGRAM SUPPORT			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ -	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	\$ -	-
Fund Balance Budgeted	2,291,534	2,291,534		
Total revenues and fund balance budgeted	\$ 2,291,534	2,291,534		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 25,000	-	-	-
Contractual services	2,020,000	1,397,148	1,341,453	55,695
Other	246,534	894,386	886,784	7,602
Other financing uses	-	-	-	-
Total expenditures	\$ 2,291,534	2,291,534	2,228,237	63,297

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
DRIVE MVD FUND 79800 (CONTINUED)
Year Ended June 30, 2015

FUND 798 SPECIAL APPROPRIATION
MVD Modernization Z40702

PROGRAM SUPPORT

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
	Revenues				
Other state funds	\$ -	-	3,751,649	3,751,649	
Other sources	-	-	4,890,300	4,890,300	
Total revenues	-	-	\$ 8,641,949	8,641,949	
Fund Balance Budgeted	5,960,657	5,960,657			
Total revenues and fund balance budgeted	\$ 5,960,657	5,960,657			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ -	-	-	-	
Contractual services	4,890,300	4,890,300	3,130,884	1,759,416	
Other	1,070,357	1,070,357	249,792	820,565	
Other financing uses	-	-	-	-	
Total expenditures	\$ 5,960,657	5,960,657	3,380,676	2,579,981	

TOTAL DRIVE MVD FUND

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
	Revenues				
Other state funds	\$ 101,200	101,200	3,847,624	3,746,424	
Federal funds	-	292,610	262,929	(29,681)	
Other sources	-	-	4,890,300	4,890,300	
Total revenues	101,200	393,810	\$ 9,000,853	8,607,043	
Fund balance budgeted	15,461,357	15,461,357			
Total revenues and fund balance budgeted	\$ 15,562,557	15,855,167			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ 151,200	101,200	95,977	5,223	
Contractual services	14,069,466	13,466,125	11,512,716	1,953,409	
Other	1,341,891	2,287,842	1,459,114	828,728	
Other financing uses	-	-	-	-	
Total expenditures	\$ 15,562,557	15,855,167	13,067,807	2,787,360	

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
NATIVE AMERICAN FUND 10690
Year Ended June 30, 2015

Native American PIT Settlement	TAX ADMINISTRATION ACT			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Total revenues	-	-	\$ -	-
Fund Balance Budgeted	-	213		
Total revenues and fund balance budgeted	\$ -	213		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	213	-	213
Other financing uses	-	-	-	-
Total expenditures	\$ -	213	-	213

FUND 10690 SPECIAL APPROPRIATIONS Native American PIT Settlement Z40519	TAX ADMINISTRATION ACT			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Total revenues	-	-	\$ -	-
Fund Balance Budgeted	-	50,000		
Total revenues and fund balance budgeted	\$ -	50,000		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	45,000	19,768	25,232
Other financing uses	-	5,000	5,000	-
Total expenditures	\$ -	50,000	24,768	25,232

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL –
NATIVE AMERICAN FUND 10690 (CONTINUED)
Year Ended June 30, 2015

	TOTAL NATIVE AMERICAN FUND			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Total revenues	-	-	\$ -	-
Fund Balance Budgeted	-	50,213		
Total revenues and fund balance budgeted	\$ -	50,213		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	45,213	19,768	25,445
Other financing uses	-	5,000	5,000	-
Total expenditures	\$ -	50,213	24,768	25,445

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2015

	Operating Fund 17200	Weight Distance Fund 99400	Drive MVD Fund 79800	Native American Fund 10690	Total General Fund	STB Capital Outlay Fund 89200
Total Expenditures and Other Financing Uses (Statement of Revenues, Expenditures and and Changes in Fund Balance)	\$ 84,916,058	2,999,385	13,067,807	24,768	101,008,018	361,613
Reversions to State General Fund-FY15	(2,039,611)	-	-	-	(2,039,611)	
Due from other funds	(24,006)	-	-	-	(24,006)	
Total Expenditures (Statement of Revenues and Expenditures Budget and Actual)	\$ 82,852,441	2,999,385	13,067,807	24,768	98,944,401	361,613

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE – AGENCY FUNDS
JUNE 30, 2015

ASSETS

Interest in State General Fund Investment Pool	\$ 705,898,612
Cash on hand and in banks	352,210
Receivables:	
Counties, municipalities and fee agents	8,651,293
Due from state general fund	-
Due from other state agencies	43,124
Due from other funds	-
Due from taxpayers	936,135,271
Citations	28,735,429
Tax assessments	1,126,880,693
Allowance for uncollectibles	<u>(1,155,878,110)</u>
 Total assets	 <u>\$ 1,650,818,522</u>

LIABILITIES

Accounts payable	\$ 4,796
Unidentified tax collections	237,496,502
Due to state general fund	-
Due to beneficiaries	13,114,802
Due to counties and municipalities	296,894,985
Due to other state agencies	993,021,378
Due to other funds	3,696,182
Refunds due to taxpayers	105,178,236
Other liabilities - stale dated warrants	<u>1,411,641</u>
 Total liabilities	 <u>\$ 1,650,818,522</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. NATURE OF ORGANIZATION

The Taxation and Revenue Department (Department) was created under the Executive Reorganization Act of 1977 (Laws of 1977, Chapter 249, Section 9-11-4, NMSA 1978) to act as the state's principal agency for tax collection and administration. The chief executive of the Department is the Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. These financial statements include all funds over which the Department Secretary has authority. The functions of the Department are administered through the following divisions:

Office of the Secretary. The Office provides overall leadership, administration, and support for the department. The Office sets forth policy for the administration and enforcement of tax laws, oversees Department operations, the Human Resources Bureau, the Training Services Office, the Office of Internal Oversight and advises the Governor on matters of tax and motor vehicle policy. As of July 1, 2015, the Internal Audit Bureau which previously reported to the Tax Fraud Investigations Division will now be a part of the Office of Internal Oversight.

Administrative Services Division. The Administrative Services Division ensures the Department meets its vision, mission, and objectives by providing guidance, information and expertise in the administrative support areas. The division consists of the General Services Bureau, Budget Bureau, Financial Services Bureau and Financial Distribution Bureau.

Information Technology Division. The Information Technology Division provides technology services, resources, and tools to assist the Department in meeting its goals, objectives and performance measures. The director (Agency CIO) is responsible to the Deputy Secretary for all of the Department's computer hardware, software, network and internet resources.

ONGARD Service Center. The ONGARD (Oil and Natural Gas Administration and Revenue Database) Service Center is responsible for maintaining and supporting the operations of the ONGARD computer system. The ONGARD Service Center is a multi-agency project comprised of Energy, Minerals and Natural Resources Department, State Land Office and the Taxation and Revenue Department.

Audit and Compliance Division. The Audit and Compliance Division collects tax and fee revenue through the fair, impartial and consistent application of New Mexico tax laws by implementing effective and timely collection, deposit and auditing activities.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. NATURE OF ORGANIZATION (CONTINUED)

Revenue Processing Division. The Revenue Processing Division is responsible for receiving, processing, depositing and accounting for all tax returns, registration requests, reports and money received from tax and motor vehicle programs administered by the Department.

Property Tax Division. The Property Tax division is responsible for administering and enforcing the Property Tax Code and recommending policies and procedures concerning property taxation. The Division Director is also responsible for establishing liaison with the county assessors and treasurers.

Motor Vehicle Division. The Motor Vehicle Division is responsible for the administration of the Motor Vehicle Code. Responsibilities of the Division Director are to license motorists and maintain their records; register and title vehicles; license, regulate and inspect automobile dealers and dismantlers; collect taxes and revenues; provide timely information to law enforcement agencies and other government organizations and provide certain special services such as legal hearings and special license plates.

Tax Fraud Investigations Division. The Tax Fraud Investigations Division is responsible for investigations of various types of tax fraud, motor vehicle fraud and other financial crimes. The division consists of the Internal Investigations Bureau and the Tax Fraud Investigations Bureau. As of July 1, 2015, the Internal Audit Bureau will now be a part of the Office of Internal Oversight under the Office of the Secretary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting and issues statements that establish the financial reporting requirements for state and local governments throughout the United States. The Department is responsible for the fair presentation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America. The Department has prepared required supplementary information entitled, *Management's Discussion and Analysis*, which precedes the basic financial statements.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity. The financial reporting entity as defined by GASB Statement 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government is any state or general purpose local government consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Department, therefore, is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the State. The Department is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

Copies of the State of New Mexico's Comprehensive Annual Financial Report can be requested from the Department of Finance and Administration, Financial Control Division/State Controller, Bataan Memorial Building Room 320, Santa Fe, NM 87501.

Government-wide and Fund Financial Statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Department. The Department has no business-type activities or component units to report on. Inter-fund balances have been eliminated in the government-wide financial statements. It is the Department's policy to eliminate the internal activity; therefore, amounts due to and due from the agency funds are reported in the statement of net position as due to and due from external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Department's program revenues consist of operating grants that are restricted to meeting the operational requirements of a particular function or segment. General fund appropriations and other items not properly included among program revenues are reported instead as general revenues. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Department's policy to spend committed resources first. The Department reserves the right to selectively spend unassigned resources first to defer use of restricted or committed resources.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Department's major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation. The accounts of the Department are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The government-wide and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Derived tax revenues are recognized when the underlying exchange transaction takes place. The Department estimates the amount receivable at year end primarily by looking at subsequent cash receipts up to 120 days past year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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. 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 Department considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and unearned revenue by the recipient.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State appropriations, derived tax revenues, federal grant revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available when the Department receives cash.

The Department reports the following major governmental funds:

The General Fund is the Department's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Department's operations are funded primarily by appropriations from the State General Fund, which are recorded as revenues in the general fund in the year appropriated.

The General Fund includes an appropriation for the *Weight Distance Tax Permit Fee Fund*, the purpose of which is to provide an account from which the Department may pay the costs of issuing and administering weight distance tax identification permits. The General Fund also includes the *Drive MVD Fund*, the purpose of which is to provide an account from which the Department may track costs associated with the modernization of MVD's vehicle and driver IT systems.

The General Fund also includes special appropriations for the Native American Fund. The net assets of this fund are used for Native American personal income tax refunds, for Native American veterans who may have been exempt from paying state personal income taxes on their military income, but may have had state personal income taxes withheld from their military income.

Additionally, the Department reports the following fund types:

Special Revenue Funds. Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The Property Valuation Fund. This special revenue fund provides loans to counties to be used to obtain technical assistance in the areas of property valuation, mapping and reappraisal. The Property Valuation Fund (Section 7-35-3 NMSA 1978) was created via a special appropriation. The net assets of this fund are legally restricted for loans to counties to assist with residential and non-residential property valuations. Due to the lack of activity, this fund is not budgeted.

Capital Project Funds. Capital project funds account for financial sources to be used for the acquisition of major capital items.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STB Capital Outlay Fund. This capital project fund is used to account for severance tax bond funded capital projects. The bond proceeds are appropriated by the legislature for construction projects administered by the Department. This fund reverts upon completion of the appropriation project or upon expiration of the appropriation period. Appropriations are received on a reimbursement basis as expenditures occur; therefore only budgetary reversions are made when applicable.

Fiduciary Funds. Fiduciary funds account for assets held by the Department in a trustee capacity or as an agent for individuals, private organizations other government units and/or funds. The fiduciary fund type includes agency funds, which are custodial in nature and do not present results of operations. Agency funds are used to account for assets that the Department holds for others in an agency capacity. It is comprised of collection funds, which account for all activity of the tax programs administered by the Department, unclaimed property and fuel users/suppliers bonds. Unmatched money (money that cannot be matched to tax returns) over sixty days is remitted to the State General Fund per statute. These funds are subject to be refunded to the taxpayer or subject to being distributed to local governments once the proper tax return is identified and matched to the funds. The balance of the unmatched money sent to the State General Fund as of June 30, 2015 was \$174 million.

Cash Deposits and Interest in the State General Fund Investment Pool. The Department is required by statute to remit any money received for or on behalf of the state into the state treasury. Money deposited by the Department with the State Treasurer is pooled and invested by the State Treasurer. Investment securities are exposed to custodial credit risk when the securities are uninsured and not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the agency's name. Specific pledged collateral for amounts held by the State Treasurer is included in the New Mexico State Treasurer's Office separately issued financial statements for the fiscal year ended June 30, 2015.

Cash in transit and in banks is comprised of monies received by the various Department field and port of entry collection offices initially deposited in local banks. On a daily basis, cash in local banks is transferred to the State Treasurer.

"Interest in the State General Fund Investment Pool" is comprised of all of the Department's accounts placed in the custody of the State Treasurer.

Cash on hand (petty cash and change funds) represents imprest amounts at Audit and Compliance Division district field offices, Motor Vehicle Division field offices, and the Tax Fraud Investigations Division offices.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory of Supplies. Inventory is valued at cost (first-in, first-out valuation basis). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. Inventories at year-end are reported as assets of the General Fund and are classified as nonspendable fund balance, which indicates it is unavailable for appropriation, even though it is a component of reported net position.

Capital Assets. Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets purchased or acquired at a value of \$5,000 or greater are capitalized per Section 12-6-10 NMSA 1978. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Department utilizes works of art and historical treasures, in addition to facilities and buildings that are owned by the Property Control Division of the State of New Mexico General Services Department. These assets and the related depreciation expense are not included in the accompanying financial statements, since they are not owned by the Department. GASB 34 requires the recording and depreciation of infrastructure assets, such as roads, bridges, etc. The Department does not own any infrastructure assets.

Property and equipment of the Department is depreciated using the straight-line method over the following estimated useful lives:

Furniture and fixtures	7 years
Software	8 years
Machinery and equipment	5 years
Vehicles	5 years
Tenant leasehold improvements	15 years

Compensated Absences. Employees are permitted to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements.

Qualified employees are entitled to accumulate vacation leave according to a graduated leave schedule of 80 to 160 hours per year, depending upon the length of service and the employee's hire date. A maximum of thirty working days (240 hours) of such accumulated vacation leave may be carried forward into the beginning of the subsequent calendar year with any excess forfeited.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When employees terminate, they are compensated for accumulated unpaid vacation leave at the date of termination, up to a maximum of thirty days (240 hours).

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave which an employee may accumulate. Once per fiscal year in either January or July, employees may elect to be paid for 50 percent of accrued sick leave in excess of 600, up to 720 hours, not to exceed 120 hours. In the case of retiring employees, they may be paid for 50 percent of accrued sick leave in excess of 600, up to 1,000 hours, not to exceed 400 hours. All sick leave balances from 600 to 720 hours have been recorded at 50 percent of the employees' hourly rate in the government-wide financial statements.

Pensions. In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. 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 issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68 and No. 71, the State of New Mexico has implemented the standards for the fiscal year ended June 30, 2015.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows/Inflows of Resources. In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Department did not have any items that qualified for reporting as a deferred outflow or deferred inflow as of June 30, 2015.

Fund Balance. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Non-spendable represents reserves for imprest petty cash and change funds, supplies inventory, and prepaid postage. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 17 for additional information about fund balances.

Net Position. Net position represents the difference between all other elements in a statement of net position and should be displayed in the applicable components of net investment in capital assets, restricted and unrestricted.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Investment in Capital Assets. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Department does not have any debt related to capital assets.

Restricted. Restricted consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The Department restricts fund balance for multi-year appropriations, loans to counties and other funds committed to specific purposes pursuant to legislation.

Unrestricted. Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Budgetary Data. The State Legislature makes annual appropriations to the Department. Legal compliance is monitored through the establishment of an annual budget for the General Fund (Operating Fund 17200, Drive MVD Fund 79800, Weight Distance Tax Permit Fee Fund 99400 and the Native American Fund 10690). A budget is never prepared for the Property Valuation Fund 34800, a special revenue fund.

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

The following are the procedures followed in establishing the budgetary data presented in the financial statements:

1. The Department submits a proposed budget to the New Mexico state legislature for the fiscal year commencing the following July 1. The state legislature must approve the budget prior to its legal enactment.
2. The expenditures and encumbrances of each appropriation unit may not legally exceed the budget for that category. Budgets are controlled at the "appropriation unit" level within activities (personal services and benefits, contractual services, etc.).

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Any adjustment to the budget must be submitted to and approved by the State of New Mexico Department of Finance and Administration State Budget Division in the form of a budget adjustment request.
4. Beginning in FY 2006, the annual budget, per the General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O, was adopted on a modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) which must be paid out of the next year's budget. The modified accrual basis of accounting is consistent with generally accepted accounting principles (GAAP). Budgeted revenues may be less than budgeted expenditures as the ending fund balance may, in certain instances, be rebudgeted for expenditures in the next fiscal year. Budgetary comparisons presented in the financial statements are on a modified accrual basis of accounting.

The Department has been designated as a "reverting agency" by the New Mexico state legislature and, therefore, pursuant to the Laws of 2004, Chapter 114, Section 2(E), "unencumbered balances in agency accounts remaining at the end of the fiscal year 2015 shall revert to the [state] general fund by September 30, 2015, unless otherwise indicated in the General Appropriations Act of 2004 or otherwise provided by law." The budget does not consider reversions.

5. The Department had a number of invoices where the goods and services were received by June 30, 2015 (FY15), but were unpaid by that date. In these circumstances, accounts payable amounts were not established in FY15 at fiscal year-end because these amounts were immaterial to the financial statements. These payments were processed as "Requests to Pay Prior Year Bills" in FY16 and were paid from FY16 budget.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, was previously utilized in governmental funds. Beginning in FY 2005, the expenditure budget was established on the modified accrual basis. Encumbrances related to single-year appropriations lapse at fiscal year-end.

The Department also receives funding from various special appropriations. The language of a particular special appropriation determines when it lapses and whether or not unexpended or unencumbered balances revert to the State General Fund.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition. Federal grant revenues are recognized as revenue when the expenditure is incurred. State General Fund appropriations are recognized as other financing sources in the year the appropriation is earned. Certain unexpended appropriations are reverted back to the State General Fund.

Severance Tax Bond Proceeds. While the Department receives severance tax bond proceeds for capital outlay projects specified by the legislature, it has no obligation for repayment of the bonds and reports no liability for severance tax bonds payable in its financial statements. These bonds are obligations of the State of New Mexico. The liabilities are reported in the State of New Mexico's Comprehensive Annual Financial Report, or CAFR, issued by the State Controller's Office. The CAFR can be obtained by contacting the State Controller at the Bataan Memorial Building, Santa Fe, NM 87501.

Inter-fund Transfers. Inter-fund transfers represent transfers of funds from one fund to another fund when both funds are part of the same reporting entity. Inter-fund transfers are a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds (tax collections) and another fund is authorized to use the resources to finance its operating expenditures.

Inter-fund transfers are not considered revenues by the receiving fund or expenditures by the disbursing fund and are recorded as other sources and other transfers under the other financing sources (uses) category. Inter-fund transfers have been eliminated in the government-wide financial statements.

NOTE 3. STATE GENERAL FUND INVESTMENT POOL

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

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3. STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006 through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during Cash Management Remediation Project Phase I the department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against resources reconciliation. The claims to resources reconciliation process has been successfully applied to fiscal year-end 2014 and the months from January 2015 through June 2015. While work remains, the results are encouraging and the following assertions can be made:

1. The Difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

NOTE 4. CASH AND INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool (GFIP) managed by the New Mexico State Treasurer's Office.

At June 30, 2015, the Department had the following invested in the General Fund Investment Pool:

Interest in State General Fund Investment Pool \$747,085,971.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4. CASH AND INTEREST IN THE STATE GENERAL FUND INVESTMENT
POOL (CONTINUED)**

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

Credit Risk – The New Mexico State Treasurer pools are not rated.

The Department’s cash funds, other than petty cash and change funds, are deposited into its accounts with the New Mexico State Treasurer’s Office, which are pooled and invested by the State Treasurer or deposited by the Department with local banks as State Agency cash deposits to the credit of the New Mexico State Treasurer’s Office.

Provisions of the New Mexico State Public Money Act (Article 10, Sections 6-10-1 to 6-10-63 NMSA 1978) require a bank to be qualified to receive deposits of public monies by depositing collateral security or by giving bond at a minimum level of 50 percent to collateralize governmental cash deposits when they exceed the amounts of depository insurance by the federal deposit insurance corporation (FDIC) or the national credit union administration (NCUA). The State Treasurer’s Office financial statements disclose the type of purchased security investments held (i.e., bond, note, Treasury bill, etc.), categories of risk involved, security number, Committee on Uniform Securities Identification Procedures (CUSIP) identification number, fair market value, maturity date of securities held, name of the custodian and the place of safekeeping for all “collateral” pledged to secure State Agency cash deposits. The bank balances as of June 30, 2015, are entirely insured or collateralized with securities held by the agent in the bank’s name.

Cash in Banks consists of amounts temporarily deposited in local bank accounts statewide prior to being “swept” nightly into the department’s cash accounts at the State Treasurer’s Office. See the Schedule of Cash Balances in the Other Supplementary Information Section.

Cash on hand (petty cash and change funds) in the amount of \$20,203 was held at the various Audit and Compliance Division (ACD) district offices, Motor Vehicle Division (MVD) field offices and Tax Fraud Investigations Division (TFID) offices for change funds and small purchases. Also, \$5,000 is held by TFID to be used for special investigations.

As of June 30, 2015 the Department’s cash balances (called “Interest in the State General Fund Investment Pool”) have been reconciled to the Department’s portion of the GFIP. See the Schedule of Cash Balances in the Other Supplementary Information Section.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CASH AND INTEREST IN THE STATE GENERAL FUND INVESTMENT
POOL (CONTINUED)

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

NOTE 5. RECEIVABLES

Tax assessments represent issued and uncollected assessments at fiscal year-end. As collections of tax assessments and citations cannot be assured, these assessments are not expected to be collected within one year, and a provision for uncollected has been established for all of the tax assessments and citations. The other receivables are considered collectable since they were accrued at year end from information reported to the Department within the accrual period.

\$168,711,686 of the active tax assessments issued by the Department and listed below are under protest and/or subject to litigation.

At June 30, 2015, the Department's receivables, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Fiduciary Funds
	General	Special Revenue	Capital Project	Agency
Receivables:				
Accounts receivable	\$ 41,280	\$ -	\$ -	\$ -
Federal Grants	195,195	-	-	-
County property valuation loans	-	240,000	-	-
Other receivables—stale dated warrants	-	-	-	261,988
Citations	-	-	-	28,735,429
Tax assessments considered uncollectible	-	-	-	1,126,880,693
Gross receivables	<u>236,475</u>	<u>240,000</u>	<u>-</u>	<u>1,155,878,110</u>
Allowance for uncollectibles	(20,115)	(240,000)	-	(1,155,878,110)
Total receivables, net	<u>\$ 216,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due From:				
Other Funds	\$ 3,696,300	\$ -	\$ -	\$ -
Taxpayers	-	-	-	936,135,271
State General Fund	-	-	-	-
Local governments	-	-	-	8,389,305
Other Agencies	1,140	30	105,172	43,124
Total Due From	<u>\$ 3,697,440</u>	<u>\$ 30</u>	<u>\$ 105,172</u>	<u>\$ 944,567,700</u>

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5. RECEIVABLES (CONTINUED)

The following is a description of the accounts receivable recorded by the Department:

Accounts Receivable

Receivables are recorded in connection with payroll employee overpayments, PERA buybacks and database access fee revenues. To date, an allowance of \$20,115 has been recorded for accounts where collection cannot be assured. In FY15, \$1,313 of receivables were determined to be uncollectible. Article IV Section 32 of the New Mexico Constitution provides:

No obligation or liability of any person, association or corporation held or owned by or owing to the state, or any municipal corporation therein, shall ever be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be extinguished except by the payment thereof into the proper treasury, or by proper proceeding in court.

The Department does not forgive debt or indicate that a debt properly owed has been forgiven or that the person owing the debt has been released from its payment. The Department maintains records and information concerning all debts due, including the ones that have been recognized as being doubtful. Collection efforts are made on all debt including accounts where collection cannot be assured.

Federal Grants

The Due from Federal Government account represents expenditures incurred under federal grant programs that will be reimbursed by the federal government. All account balances are considered collectible.

County Property Valuation Loans

The loans to counties account represents loans made to provide technical assistance in the areas of property valuation, mapping and reappraisal. An allowance for uncollectible loans of \$240,000 has been recorded for accounts where collection cannot be assured.

Other Receivables – Stale Dated Warrants

Represents warrants that are over twelve months old that need to be restored to the Interest in State General Fund Investment Pool account by the Department of Finance and Administration. No estimate for uncollectible accounts is recorded because the account balance is considered fully collectible.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5. RECEIVABLES (CONTINUED)

Citations

Pursuant to state statute Section 66-8-116 NMSA 1978, citations represent “penalty assessments” for violations of the Motor Vehicle Code (Section 66-1-1 NMSA 1978) for traffic offenses. An estimate for uncollectible accounts equal to the penalty assessment amount is recorded where collections cannot be assured.

Tax Assessments

Pursuant to state statute Section 7-1-17.A. NMSA 1978, tax assessments represent the determination by the Department that a taxpayer is liable for taxes that are due. Section 7-1-17.B. NMSA 1978 states “assessment of tax are effective (1) when a return of a taxpayer is received by the Department showing a liability for taxes; (2) when a document denominated “notice of assessment taxes”, issued by the Department is mailed or delivered in person to the taxpayer against whom the liability for tax is asserted, demanding of the taxpayer the immediate payment of the taxes and briefly informing the taxpayer of the remedies available to the taxpayer; or (3) when an effective jeopardy assessment is made as provided in the Tax Administrative Act (7-1-1 NMSA 1978).” An estimate for uncollectible accounts equal to the taxpayers assessment amount is recorded where collections cannot be assured.

Due From Other Funds

The Department records due from other internal, fiduciary funds for revenues that are measurable and available as of June 30, 2015. The Department considers revenue to be available if they are collected within 60 days after the end of the current fiscal year.

Due From Taxpayers

Represents assets recognized from derived taxes revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. No estimate for uncollectible accounts is recorded since the receivable is based on when resources are received.

Due From State General Fund

Represents taxes collected that are over sixty days old that have not been matched to a tax return and are less than three years old that are eligible for refund pursuant to Section 7-1-26 NMSA 1978 and that have been transferred to the State General Fund in accordance with Section 7-1-6.1 NMSA 1978. No estimate for uncollectible accounts is recorded because the account balance is considered fully collectible.

Due From Other Agencies

The Department works with other agencies to determine outstanding revenues due at June 30, 2015.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5. RECEIVABLES (CONTINUED)

Write Offs

The Department's policy does not allow for write offs of outstanding receivables. For receivables where collection cannot be assured, the Department will record an allowance for doubtful accounts.

Receivables – Fiduciary Funds Tax Assessments

At June 30, 2015, tax assessments and penalty citations issued and uncollected by the Fiduciary Fund Type were:

Combined reporting system (CRS) taxes	\$ 645,375,835
Personal income tax	288,046,908
Corporate income tax	137,486,055
Citations	28,735,429
Cigarette tax	9,959,088
Combined fuel tax	8,608,215
Weight distance tax	2,914,072
Delinquent tax	261,988
Workers' compensation tax	662,826
Restitution	126,008
Fiduciary income tax	448,857
Gasoline tax	36,610
Tobacco products	470,568
Special fuel supplier	27,754
Enhanced 911 tax	315,136
Petroleum products loading fee	10,431
Liquor excise tax	24,025
International fuel tax agreement/international registration plan	517,174
Water conservation fees	17,477
Local liquor tax	2,302
Daily bed surcharge	4,545
Railroad car tax	172
Unclaimed property	0
Bingo and raffle tax	1,254
Telecommunications relay surcharge	2,912
Gaming	630
Alternative fuel distributors	70
Oil and gas tax programs:	
Oil and gas taxes (OGT & HM)	31,821,769
Total receivables, fiduciary funds tax assessments	<u>\$1,155,878,110</u>

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>
Governmental activities:						
Furniture and fixtures	\$ 960,607	80,707	-	(478,436)	-	562,878
Software	28,254,414	10,553,935	429,571	(9,101,935)	4,996,787	35,132,772
Machinery and data processing equipment	10,051,542	342,454	(429,571)	(1,610,715)	-	8,353,710
Tenant leasehold improvements	712,762	22,037	-	(200,000)	-	534,799
Vehicles	<u>82,454</u>	<u>50,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,902</u>
Total depreciable assets	<u>40,061,779</u>	<u>11,049,581</u>	<u>-</u>	<u>(11,391,086)</u>	<u>4,996,787</u>	<u>44,717,061</u>
Construction in process	<u>4,996,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,996,787)</u>	<u>-</u>
Total non-depreciable assets	<u>4,996,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,996,787)</u>	<u>-</u>
Total assets	<u>45,058,566</u>	<u>11,049,581</u>	<u>-</u>	<u>(11,391,086)</u>	<u>-</u>	<u>44,717,061</u>
Less accumulated depreciation for:						
Furniture and fixtures	(932,261)	(12,379)	-	464,289	-	(480,351)
Software	(15,978,606)	(2,310,090)	-	9,073,867	-	(9,214,829)
Machinery and data processing equipment	(6,716,541)	(732,570)	-	1,607,092	-	(5,842,019)
Tenant leasehold improvements	(358,070)	(42,176)	-	200,000	-	(200,246)
Vehicles	<u>(82,454)</u>	<u>(364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,818)</u>
Total accumulated depreciation	<u>(24,067,932)</u>	<u>(3,097,579)</u>	<u>-</u>	<u>11,345,248</u>	<u>-</u>	<u>(15,820,263)</u>
Capital assets, net	\$ <u>20,990,634</u>	<u>7,952,002</u>	<u>-</u>	<u>(45,838)</u>	<u>-</u>	<u>28,896,798</u>

The Department does not have any debt related to capital assets at June 30, 2015.

Depreciation expense was charged to the following programs:

Program Support	\$ 2,408,091
Tax Administration Act	454,955
Motor Vehicle Program	228,942
Compliance Enforcement	<u>5,591</u>
	<u>\$3,097,579</u>

Capital asset activity included \$11,049,581 of capital outlay acquisitions, primarily for purchases of data processing equipment and software enhancements to the Department's major computer processing systems, and a vehicle for the MVD mobile unit. \$9,480,548 of these expenditures was charged to professional services and reclassified as capital outlay.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6. CAPITAL ASSETS (CONTINUED)

For the Statement of Activities, depreciation expense is included as expenditures and allocated to the programs using actual depreciation expense for each program.

NOTE 7. INTER/INTRA FUND RECEIVABLES AND PAYABLES

Transfers occur between agency funds and governmental funds of the Department for administrative fees that help pay for the operating costs of certain tax programs in accordance with state laws.

The inter-fund receivables and payables (due to and from other funds) reported in the financial statements represent outstanding cash transfers as of June 30, 2015 and are comprised of the following balances:

<u>Fund</u>	<u>Fund Description</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Operating Funds:			
17200	General Fund – Operations	\$ 2,846,902	118
79800	Drive MVD	638,630	-
10690	Native American	-	-
99400	Weight Distance Tax Permit Fee	<u>210,768</u>	<u>-</u>
Total Operating Funds		<u>3,696,300</u>	<u>118</u>
Fiduciary Funds:			
27900	Corporate Income Tax	-	24,794
64200	PIT (TAA) Suspense	-	-
68000	HazMat Finger Printing Fee	-	-
68100	County & Municipal Gasoline	6,383,044	-
68200	County & Municipal Recreation	-	-
68300	County & Municipal Cigarette	-	-
68400	Small Cities Assistance	438,696	-
70900	Local Liquor Excise Tax	203,910	-
71000	Unclaimed Property	584,472	-
71300	Oil & Gas Ad Valorem Prod Tax	18,843,093	-
71500	Ad Valorem Equipment Tax	2,193	-
81900	Income Tax Suspense	360,808	360,808
82500	Transportation & MVD Suspense	533,248	2,472,858
82800	Tax Admin Act(TAA) Suspense	21,350	7,132,296
83000	Delinquency List Suspense	-	198,870
83100	Workers' Compensation Fund	-	137,029
83200	CRS (TAA) Suspense	-	1,895,054
83300	Oil & Gas Accounting Suspense	-	<u>18,845,287</u>
Total Fiduciary Funds		<u>27,370,814</u>	<u>31,066,996</u>
Total Inter-fund Balances		\$ <u>31,067,114</u>	<u>31,067,114</u>

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 8. INTRA-FUND TRANSFERS

Within the agency funds of the Department, tax collections recorded in one agency fund are transferred to and distributed out of another agency fund in accordance with state laws. The balances represent the transfers made during the fiscal year. Since the transfers are between the tax programs and funds, the following amounts are eliminated for combining purposes to avoid any duplication of account balances:

Additions:	
Income tax suspense fund	\$ 375,492,666
Oil and gas suspense funds (Other)	148,618,001
TAA suspense funds (Other)	103,952,000
HazMat fingerprinting fund	-
Total	<u>\$ 628,062,667</u>
Deductions:	
CRS suspense fund	\$ 375,214,819
Oil and gas accounting suspense fund	148,618,001
TAA suspense fund	82,739,712
Transportation and motor vehicle suspense fund	21,490,135
Total	<u>\$ 628,062,667</u>

NOTE 9. LEASES

Operating Leases. The Department leases facilities and equipment under numerous operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Department's Statement of Net Position. Leases are subject to future appropriation and are cancelable by the Department at the end of each fiscal year. For the year ended June 30, 2015, facilities rental expenditures were \$3,852,900 and equipment rental expenditures were \$588,838.

NOTE 10. LIABILITIES

Current Liabilities. The Department's Governmental Funds total current liabilities at fiscal year-end were \$11,360,344. Accounts payable of \$7,726,520 consists of goods or services received by the Department by June 30, 2015 but paid after June 30, 2015. Accrued payroll of \$1,528,371 consists of payroll expenditures incurred from June 20, 2015 through June 30, 2015 but paid after June 30, 2015. The agency funds owed the general fund \$3,696,182 at June 30, 2015 per the Statement of Fiduciary Assets and Liabilities.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10. LIABILITIES (CONTINUED)

Compensated Absences. A summary of changes in compensated absences payable for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences payable	\$ 2,149,646	5,107,739	(5,076,211)	2,181,174	2,181,174

For the Statement of Activities, change in compensated absences included as expenditures is allocated to the programs using a payroll allocation percentage. Amounts have been paid out of the General Fund in the past.

NOTE 11. DUE TO STATE GENERAL FUND (REVERSIONS)

Unexpended and unencumbered cash balances of certain funds revert to the State General Fund at year-end. For certain funds, cash recoveries during the fiscal year from stale-dated warrants are also due to the State General Fund. Current year reversions due to the State General Fund as of June 30, 2015 were as follows:

FY15 Reversions:	
Revenue reversions	\$ 272,312
Expenditure reversions	1,791,305
Special appropriation reversions	-
Total FY15 Reversions	<u>2,063,617</u>
Reversions due the State Land Office	(24,006)
Stale Dated Warrants	<u>32</u>
Total due to State General Fund at June 30, 2015	<u>\$2,039,643</u>

NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico (the State) has implemented the standard for the fiscal year ending June 30, 2015.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT
ASSOCIATION**

The Taxation & Revenue Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, Total pension liability exceeds Plan net position resulting in a Net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

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

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

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the years ended June 30, 2015, 2014, and 2013 were \$6,677,819, \$6,296,138, and \$5,348,766, respectively, which equal the amount of the required contributions for each year.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH
CARE PLAN**

Plan Description. The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH
CARE PLAN (CONTINUED)**

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$786,095, \$759,994, and \$707,980, respectively, which equal the required contributions for each year.

NOTE 14. RISK MANAGEMENT

The Department is exposed to various risks of loss for which the Department carries insurance (Auto; Employee Fidelity Bond; General Liability; Civil Rights and Foreign Jurisdiction; Law Enforcement Officers Liability; Money and Securities; Property; and Workers' Compensation) with the State of New Mexico General Services Department, Risk Management Division.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 15. CONTINGENCIES

Federal Grant Programs. The Department participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable as of June 30, 2015, may be impaired.

In the opinion of the Department, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Expenditures disallowed and required to be repaid to the grantor agencies as a result of such audits, if any, would require an appropriation from the State General Fund.

Pending or Threatened Litigation. There are various protests and lawsuits by taxpayers or other parties claiming abatements, refunds and the recovery of unclaimed property in the Department's possession arising from various tax programs administered by the Department. The total dollar amount representing the claims either in protest with the department or pending in state courts is \$168,711,686 for the fiscal year. Management intends to contest all cases vigorously. Any liability would be paid for out of the Department's agency funds.

The Department is also subject to other legal proceedings, claims and liabilities, including employee claims, which arise in the ordinary course of the Department's operations. The litigation is handled through the Department and the State of New Mexico General Services Department, Risk Management Division. In the opinion of the Department's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

NOTE 16. JOINT POWERS AGREEMENTS / MEMORANDUMS OF UNDERSTANDING

The Department has entered into Joint Powers Agreements (JPA) and Memorandums of Understandings (MOU) with numerous New Mexico state agencies, local governments, Tribal entities and other States. These primarily provide for information sharing agreements and database access agreements for Property Tax and Motor Vehicles.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 16. JOINT POWERS AGREEMENTS / MEMORANDUMS OF
UNDERSTANDING (CONTINUED)**

None of these JPA's or MOU's creates a joint venture or ongoing financial interest in another organization. Transactions made pursuant to these agreements are reported by the Department on the modified accrual basis of accounting as general revenues and program expenses. The Schedule of Joint Powers Agreements and Memorandums of Understanding is in the Other Supplementary Information section of this report.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17. GOVERNMENTAL FUND BALANCES - RESTRICTED AND COMMITTED

The Department's fund balances represent: (1) Restricted Purposes which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. A summary of the nature and purpose of these reserves by fund type at June 30, 2015, follows:

Due from other funds	Laws	Committed Purposes	Restricted Purposes
General Fund:			
Native American Settlement	Laws of 2011, Chapter 179, Section 5, Item 9, \$250,000 non-reverting	(24,555)	-
Native American Settlement	Laws of 2014, Chapter 313, Section 5, Item 19, \$50,000 non-reverting	50,000	-
ONGARD Upgrade	Laws of 2014, Chapter 63, Section 7, Item 3, \$6,000,000 through FY16	2,458,579	-
Replace MVD System	Laws of 2014, Chapter 63, Section 7, Item 4, \$8,300,000 through FY15	80,982	-
Replace MVD System	Laws of 2013, Chapter 227, Section 7, Item 4, \$8,042,500 through FY15	109,179	-
Replace MVD System	Laws of 2014, Chapter 63, Section 7, Item 2, \$12,897,100 through FY16	2,579,981	-
Replace MVD System	Laws of 2014, Chapter 63, Section 7, Item 2, Administrative Fees	3,751,648	-
Total General Fund:		<u>9,005,814</u>	<u>-</u>
Total Fund Balance - Committed for Special Appropriations		<u>9,005,814</u>	<u>-</u>
Fund Balance:			
General Fund:			
Financial Responsibility Act	NMSA 1978, Section 66-5-201 and 66-6-23A(5)(e)	-	191,347
EDL - Enhanced Driver's License	NMSA 1978, Section 66-5-44, C	-	1,971,429
Delinquent Property Tax	NMSA 1978, Section 7-38-62	-	11,677,500
PIT Intercept Administration Fees	NMSA 1978, Section 7-2C-12	-	142,953
MVD Non-Reverting Revenues	Laws of 2009, Chapter 156, Section 1 through 7	1,657,243	1,573,362
Out of State DWI Verification	NMSA 1978, Section 66-5-44, B	-	595,709
Weight Distance Tax Fund 9940C	NMSA 1978, 7-15A-14	6,606,084	-
Total General Fund Balance - Restricted / Committed for Subsequent Years' Expenditures		<u>8,263,327</u>	<u>16,152,300</u>
Property Valuation Fund 34800 - Loans to Counties	NMSA 1978, 7-35-3(B)	424,576	-
Total Fund Balance		<u><u>17,693,717</u></u>	<u><u>16,152,300</u></u>

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18. REVENUES AND OTHER FINANCING SOURCES

General fund revenue and other financing sources reported for the year ended June 30, 2015 consisted of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Other State Funds:			
Delinquent Property Tax	\$ 4,894,791	-	4,894,791
Workers Comp Assessment	596,802	-	596,802
Alcoholic Beverage Tax	60,594	-	60,594
Due from other funds	370,500	-	370,500
Sale of MVD Data	7,274,107	-	7,274,107
Motor Vehicle - Special Plates	152,277	-	152,277
Private Retail Agents	977,493	-	977,493
Enhanced Drivers License (EDL)	1,705,424	-	1,705,424
Parental Responsibilities	99,100	-	99,100
Provisional License	199,810	-	199,810
Hazmat Fingerprinting	-	-	-
Financial Responsibilities	3,462,063	-	3,462,063
Motorcycle & Off Highway Registration Fee	292,471	-	292,471
Out of State DWI Verification Interlock	449,520	-	449,520
Weight Distance Tax Administrative Fees	3,831,484	-	3,831,484
Motor Vehicle Admin Fees	3,241,995	-	3,241,995
Interest Income	-	354	354
Other Admin Fees (PIT & GRT)	6,608,323	-	6,608,323
Misc. Revenue - Program	5,144	-	5,144
Total Other State Funds	34,221,898	354	34,222,252
Other Financing Sources:			
Revenue to operate Native American Fund	-	-	-
Revenue to MVD System Replacement	-	-	-
Severance Tax Bond Proceeds	-	361,613	361,613
Total Other Financing Sources	-	361,613	361,613
State General Fund:			
State General Fund Appropriations	57,018,700	-	57,018,700
Special Appropriations	7,271,494	-	7,271,494
Total State General Fund	64,290,194	-	64,290,194
State Land Office Transfers	1,400,897	-	1,400,897
Total State Funds	99,912,989	361,967	100,274,956
Federal Funds	1,751,817	-	1,751,817
Total Revenues	\$ 101,664,806	361,967	102,026,773

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 19. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

GASB has issued the following statements, which are applicable in future years. At this time, management has not determined the impact, if any, on the Department.

Statement No. 72

Fair Value Measurement and Application

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73

Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 19. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS
(CONTINUED)**

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

Statement No. 74

Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 19. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS
(CONTINUED)

defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 19. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS
(CONTINUED)

use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*

The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. This Statement will be effective for the Department in fiscal year 2017. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT**

**NON-MAJOR FUNDS
Year Ended June 30, 2015**

Special Revenue Funds. Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.

Property Valuation Fund (34800) – This fund provides loans to counties to be used to obtain technical assistance in the areas of property valuation, mapping and reappraisal. This fund was statutorily created by the Laws of 1978, Section 7-35-3. The net assets of this fund are legally restricted for loans to counties to assist with residential and non-residential property valuations. This fund is not budgeted.

Capital Project Funds. Capital Project Funds account for financial sources to be used for the acquisition of major capital items.

STB Capital Outlay Fund (89200) – This capital project fund is used to account for severance tax bond funded capital projects. The bond proceeds are appropriated by the legislature for construction projects administered by the Department. This fund reverts upon completion of the appropriation project or upon expiration of the appropriation period. Appropriations are received on a reimbursement basis as expenditures occur; therefore only budgetary reversions are made when applicable.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

	<u>Property</u>	<u>Capital</u>	<u>Total</u>
ASSETS			
Interest in the State Treasurer General Fund			
Investment Pool	\$ 424,546	-	424,546
Receivables:			
Due from other state agencies	30	105,172	105,202
Loans to counties, net	-	-	-
Total assets	<u>424,576</u>	<u>105,172</u>	<u>529,748</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Cash overdraft	-	50,448	50,448
Accounts payable		54,712	54,712
Total liabilities	-	105,160	105,160
Fund Balances			
Committed for loans to counties	424,576	-	424,576
Total fund balances	<u>424,576</u>	<u>-</u>	<u>424,576</u>
Total liabilities and fund balances	<u>\$ 424,576</u>	<u>105,160</u>	<u>529,736</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>Property</u>	<u>Capital</u>	<u>Total</u>
Revenues			
Miscellaneous revenue	\$ 354	-	354
Total revenues	354	-	354
Expenditures			
Current expenditures:			
Operating costs	-	-	-
Capital outlay	-	361,613	361,613
Total expenditures	-	361,613	361,613
Excess of revenues over expenditures	354	(361,613)	(361,259)
Other Financing Sources (Uses)			
Severance tax bond proceeds	-	361,613	361,613
Net other financing sources (uses)	-	361,613	361,613
Net change in fund balance	354	-	354
Fund balance, June 30, 2014	424,222	-	424,222
Fund balance, June 30, 2015	<u>\$ 424,576</u>	<u>-</u>	<u>424,576</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL -
STB CAPITAL OUTLAY FUND 89200
Year Ended June 30, 2015

	STB CAPITAL OUTLAY FUND			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Severance tax bond proceeds	\$ 1,500,000	1,500,000	361,613	-
Total revenue	<u>1,500,000</u>	<u>1,500,000</u>	<u>\$ 361,613</u>	<u>-</u>
Fund Balance Budgeted	-	-		
Total revenues and fund balance budgeted	<u>\$ 1,500,000</u>	<u>1,500,000</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	500,000	500,000	-	500,000
Other	1,000,000	1,000,000	361,613	638,387
Other financing uses	-	-	-	-
Total expenditures	<u>\$ 1,500,000</u>	<u>1,500,000</u>	<u>361,613</u>	<u>1,138,387</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
FIDUCIARY FUND TYPES
Year Ended June 30, 2015**

Fiduciary fund types are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

The Tax Administration Act was created by Chapter 7, Article 1, Sections 1 to 82, NMSA 1978, and applies to and governs the administration and enforcement. The following is a list of key taxes, tax acts, surtaxes, advance payments, surcharges and fees:

- Income Tax Act
- Withholding Tax Act
- Gross Receipts and Compensating Tax Act
- Venture Capital Investment Act
- Liquor Excise Tax Act
- Local Liquor Excise Tax Act
- Any municipal local option gross receipts tax
- Any county local option gross receipts tax
- Special Fuels Supplier Tax Act
- Gasoline Tax Act
- Petroleum products loading fee, which fee shall be considered a tax for the purposes of the TAA
- Alternative Fuel Tax Act
- Cigarette Tax Act
- Estate Tax Act
- Railroad Car Company Tax Act
- Investment Credit Act
- Corporate Income and Franchise Tax Act
- Uniform Division of Income for Tax Purposes Act
- Multi-state Tax Compact
- Tobacco Products Tax Act
- Telecommunications relay service surcharge, which surcharge shall be considered a tax for the purposes of the TAA
- Resources Excise Tax Act
- Severance Tax Act
- Severance Surtax

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
FIDUCIARY FUND TYPES (CONTINUED)
Year Ended June 30, 2015**

- Oil and Gas Severance Tax Act
- Oil and Gas Conservation Tax Act
- Oil and Gas Emergency School Tax Act
- Oil and Gas Ad Valorem Production Tax Act
- Natural Gas Processors Tax Act
- Oil and Gas Production Equipment Ad Valorem Tax Act
- Copper Production Ad Valorem Tax Act
- Any advance payment required to be made by any act, which advance payment shall be considered a tax for the purposes of the TAA
- Enhanced Oil Recovery Act
- Natural Gas and Crude Oil Production Incentive Act
- Intergovernmental production tax credit and intergovernmental production equipment tax credit
- Weight Distance Tax Act
- Workers' compensation fee, which fee shall be considered a tax for purposes of the TAA
- Uniform Unclaimed Property Act
- 911 emergency surcharge and the network and database surcharge which surcharges shall be considered tax for purposes of the TAA
- Solid waste assessment fee, which fee shall be considered a tax for purposes of the TAA
- Water conservation fee, which fee shall be considered a tax for purposes of the TAA
- Gaming Control Act
- Interstate Telecommunication Gross Receipts Tax Act
- Capital Equipment Tax Credit Act
- Small Business Tax Credit Act
- Technology Jobs Tax Credit Act
- Leased Vehicle Gross Receipts Tax Act
- Rural Job Tax Credit
- Motor Vehicle Excise Tax Act
- Film Production Tax Credit

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
FIDUCIARY FUND TYPES (CONTINUED)
Year Ended June 30, 2015**

The Department uses the following funds to account for the activities of various tax programs it administers:

Collections funds:

- CRS Suspense Funds (Funds 70700 and 83200) – used for the taxes reported through the combined reporting system (CRS), which reports gross receipts taxes, compensating taxes, withholding taxes and leased vehicle surcharges.
- Personal Income Tax Funds (Funds 23600, 64200, 81900 and 82900) – used for reporting personal income taxes.
- Corporate Income Tax (Fund 27900) – used for reporting corporate income taxes, franchise taxes, and past-through entity annual withholding taxes.
- TAA Suspense and Other Funds (Funds 68100, 68200, 68300, 68400, 70900, 82800, 83000 and 83100) – used for reporting gasoline taxes, special fuel taxes, alternative fuel taxes, petroleum products loading fees, water conservation fees, liquor taxes, cigarette taxes, tobacco products taxes, gaming taxes, fiduciary taxes, estate taxes, railroad car tax, worker's compensation fees, 911 emergency surcharges, telecommunications relay service surcharges and delinquent property taxes.
- Motor Vehicle Funds (Funds 82500 and 68000) – used for reporting motor vehicle excise taxes, vehicle registrations, boat registrations and taxes, special fuel taxes paid through IFTA, weight distance taxes, commercial vehicle permits, and motor vehicle / driver penalties.
- Oil and Gas Funds (Funds 23700, 23800, 23900, 71300, 71400, 71500 and 83300) – used for reporting taxes relating primarily to oil and gas, natural gas and other natural resources.

Non-Collection funds:

- Other Funds (Funds 70600, 71000 and 82700) – used for reporting cash, securities or bonds posted by special fuel suppliers and dealers, and property presumed to be abandoned and delivered to the custody of the state under the provisions of the Uniform Unclaimed Property Act. Fund 82700 is used for processing unidentified remittances until identification can be resolved.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE - AGENCY FUNDS
JUNE 30, 2015

ASSETS	Collection Funds						Non-Collection	Eliminations	June 30, 2015
	CRS Suspense	Personal Income Tax Funds	Corporate Income Tax	TAA Suspense / Other	Motor Vehicle	Oil & Gas	Other Funds	Totals	
Interest in State General Fund Investment Pool	\$ 437,251,523	3,975,254	42,430,063	78,188,880	31,156,781	111,096,406	1,799,705	-	705,898,612
Cash on hand and in banks	-	-	-	-	352,210	-	-	-	352,210
Receivables:									
Counties, municipalities and fee agents	3,551,140	-	-	261,988	4,838,165.00	-	-	-	8,651,293
Due from state general fund	-	-	-	-	-	-	-	-	-
Due from other state agencies	Due from other funds	-	-	139	2,736	-	-	-	43,124
Due from taxpayers	458,203,904	108,992,027	57,327,895	46,958,898	19,193,446	245,459,101	-	-	936,135,271
Due from other funds	-	360,808	-	7,047,000	533,248	18,845,286	584,472	(27,370,814)	-
Citations	-	-	-	-	28,735,429	-	-	-	28,735,429
Tax assessments	645,375,835	288,172,916	137,486,055	21,110,046	2,914,072	31,821,769	-	-	1,126,880,693
Allowance for uncollectibles	(645,375,835)	(288,172,916)	(137,486,055)	(21,372,034)	(31,649,501)	(31,821,769)	-	-	(1,155,878,110)
Total assets	\$ 899,046,816	113,328,089	99,757,958	132,194,917	56,076,586	375,400,793	2,384,177	(27,370,814)	1,650,818,522
LIABILITIES									
Accounts Payable	\$ 2,650	1,507	-	-	-	1,044	-	-	4,796
Unidentified tax collections	90,808,962	1,172	64,967,376	22,622,171	12,235,767	45,087,812	1,772,837	-	237,496,502
Due to state general fund	-	-	-	-	-	-	-	-	-
Due to beneficiaries	9,048,173	-	-	4,018,204	48,425	-	-	-	13,114,802
Due to counties and municipalities	262,485,640	-	-	13,808,937	2,862,839	17,737,569	-	-	296,894,985
Due to other state agencies	534,039,541	112,931,752	34,656,774	82,309,721	38,401,941	190,681,649	-	-	993,021,378
Refunds due to taxpayers	-	-	-	1,606,636	-	103,045,998	525,602	-	105,178,236
Due to other funds	1,895,054	360,808	24,794	7,468,195	2,472,858	18,845,287	-	(27,370,814)	3,696,182
Other liabilities - stale dated warrants	766,796	32,850	109,014	361,053	54,756	1,434	85,738	-	1,411,641
Total liabilities	\$ 899,046,816	113,328,089	99,757,958	132,194,917	56,076,586	375,400,793	2,384,177	(27,370,814)	1,650,818,522

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION
Schedules Required Under 2.2.2 NMAC

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF GENERAL FUND COMPONENTS - BALANCE SHEET
GENERAL FUNDS
June 30, 2015

	Operating	Weight Distance	Drive MVD	Native American	Total
ASSETS					
Interest in the State Treasurer General Fund					
Investment Pool	\$ 24,682,793	6,443,572	9,661,451	25,445	40,813,261
Cash on hand	25,203	-			25,203
Receivables:					
Due from federal government	123,795	-	71,400	-	195,195
Loans to counties, net	-	-	-	-	-
Other receivables, net	21,165	-	-	-	21,165
Due from:					
Other funds	2,846,902	210,768	638,630	-	3,696,300
Other state agencies	1,140	-	-	-	1,140
Inventory of supplies	504,602	-	-	-	504,602
Prepaid expenses	29,951	-	-	-	29,951
Total assets	\$ 28,235,551	6,654,340	10,371,481	25,445	45,286,817
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,803,663	21,033	3,847,100	-	7,671,796
Accrued payroll	1,498,557	27,223	2,591	-	1,528,371
Due to other funds	118	-	-	-	118
Due to other state agencies	30,742	-	-	-	30,742
Due to State General Fund	2,039,643	-	-	-	2,039,643
Other Liabilities	34,950	-	-	-	34,950
Total liabilities	7,407,673	48,256	3,849,691	-	11,305,620
Fund Balances					
Nonspendable					
Inventory of supplies	504,602	-	-	-	504,602
Prepaid expenses	29,951	-	-	-	29,951
Restricted					
Committed	16,152,300	-	-	-	16,152,300
Assigned	4,115,822	6,606,084	6,521,790	25,445	17,269,141
Assigned	25,203	-	-	-	25,203
Total fund balances	20,827,878	6,606,084	6,521,790	25,445	33,981,197
Total liabilities and fund balances	\$ 28,235,551	6,654,340	10,371,481	25,445	45,286,817

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF GENERAL FUND COMPONENTS - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUNDS
Year Ended June 30, 2015

	Operating	Weight Distance	Drive MVD	Native American	Total
Revenues					
Other state funds	\$ 26,542,790	3,831,484	3,847,624	-	34,221,898
Federal funds	1,488,888	-	262,929	-	1,751,817
Total revenues	28,031,678	3,831,484	4,110,553	-	35,973,715
Expenditures					
Current expenditures:					
Personal services and employee benefits	57,236,077	1,149,010	95,977	-	58,481,064
Contractual services	9,251,525	560,324	2,191,362	-	12,003,211
Other costs	15,536,689	24,151	920,650	19,768	16,501,258
Capital outlay	828,150	-	9,859,818	-	10,687,968
Total expenditures	82,852,441	1,733,485	13,067,807	19,768	97,673,501
Excess of revenues over expenditures	(54,820,763)	2,097,999	(8,957,254)	(19,768)	(61,699,786)
Other Financing Sources (Uses)					
State General Fund appropriations	57,018,700	-	-	-	57,018,700
State General Fund special appropriations	2,381,194	-	4,890,300	-	7,271,494
Fund Balance Sources	-	-	-	-	-
Fund Balance Transfers	2,500	-	-	(2,500)	-
Transfers from other state agencies	1,400,897	-	-	-	1,400,897
Transfers to other state agencies	-	(1,265,900)	-	(2,500)	(1,268,400)
Reversions to State General Fund - FY15	(2,039,611)	-	-	-	(2,039,611)
Reversions to State Land Office - FY15	(24,006)	-	-	-	(24,006)
Net other financing sources (uses)	58,739,674	(1,265,900)	4,890,300	(5,000)	62,359,074
Net change in fund balance	3,918,911	832,099	(4,066,954)	(24,768)	659,288
Fund balance, June 30, 2014	16,908,967	5,773,985	10,588,744	50,213	33,321,909
Fund balance, June 30, 2015	\$ 20,827,878	6,606,084	6,521,790	25,445	33,981,197

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF SPECIAL APPROPRIATIONS
Year Ended June 30, 2015

Special Appropriation	Amount Appropriated	Amount Received to Date	Expenditures to Date	Unencumbered Balance	Amount Reverted
General Fund:					
Special appropriation to Taxation & Revenue Department for Native American Settlement, Laws of 2011, Chapter 179, Section 5, Item 9, Non-reverting.	\$ 250,000	250,000	249,787	213	-
Special appropriation to Taxation & Revenue Department for Native American Settlement, Laws of 2014, Chapter 313, Section 5, Item 19, Non-reverting.	50,000	50,000	24,768	25,232	-
Special appropriation to Taxation & Revenue Department to modernize ONGARD system, Laws of 2012, Chapter 19, Section 7, Item 5. Extended Laws of 2014, Chapter 63, Section 7, Item 3, through FY16.	6,000,000	5,255,990	2,797,411	2,458,579	-
Special appropriation to Taxation & Revenue Department to replace MVD System, Laws of 2009, Chapter 124, Section 5, Item 6. Extended Laws of 2011, Chapter 179, Section 7, Item 2. Extended Laws of 2013, Chapter 227, Section 7, Item 4, through FY15.	8,042,500	8,042,500	7,933,321	109,179	-
Special appropriation to Taxation & Revenue Department to replace MVD System, Laws of 2010, Special Session, Chapter 6, Section 7, Item 3. Extended Laws of 2012, Chapter 19, Section 7, Item 3. Extended Laws of 2014, Chapter 63, Section 7, Item 4, through FY15.	8,300,000	8,300,000	8,219,018	80,982	-
Special appropriation to Taxation & Revenue Department for MVD Modernization, Laws of 2014, Chapter 63, Section 7, Item 2, through FY16.	12,897,100	5,960,658	3,380,677	2,579,981	-
General Fund Total	35,539,600	27,859,148	22,604,982	5,254,166	-
STB Capital Outlay Fund:					
Severance Tax Bond proceeds to Taxation & Revenue Department to purchase equipment, Laws of 2013, Chapter 226, Section 35. Extended Laws of 2014, Chapter 64, Section 51, through FY16	1,500,000	1,107,081	1,107,081	-	-
Total Special Appropriations	\$ 37,039,600	28,966,229	23,712,063	5,254,166	-

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FIDUCIARY FUND INTER-AGENCY TRANSFERS

Fiscal Year Ended June 30, 2015

Account Transferred to:	Cash Account Transfer to:	Account Transferred from:	Reason for Transfer	Cash Account Transfer from:	Net Amount
Children Youth and Families Department:					
CYFD-Children's Trust Fund	78000-690	Transportation & MVD Suspense	1	82500-333	\$ 28,515
Department of Cultural Affairs:					
OCA Capital Projects/Laws of 1992	69100-505	CRS TAA Suspense Fund	1	83200-333	352,874
OCA Municipal Event Surcharge	19305-505	TAA Suspense Fund	1	82800-333	776
Department of Education:					
Substance Abuse Education	05700-924	Income Tax Suspense Fund	1	81900-333	10,623
Driving Safety Fees	57300-924	Transportation & MVD Suspense	1	82500-333	1,415,707
Lottery Tuition	63700-950	Income Tax Suspense Fund	1	81900-333	10,713
Department of Environment:					
Tire Recycling Fund	02600-667	Transportation & MVD Suspense	1	82500-333	924,529
Due from other funds	56700-667	TAA Suspense Fund	1	82800-333	2,268,746
Corrective Action Fund (PPL)	99000-667	TAA Suspense Fund	1	82800-333	19,076,667
Department of Finance and Administration:					
DFA Appropriations - Restitution	85300-341	TRD Restitution Fund	1	23600-333	-
DFA Appropriations - CIT	85300-341	CIT TAA Suspense Fund	1	27900-333	278,821,414
DFA Appropriations - PIT	85300-341	PIT TAA Suspense Fund	1	64200-333	532,240,430
DFA Appropriations - Unclaimed Property	85300-341	Unclaimed Property Susp Fund	1	71000-333	24,644,298
SBOF - State Debt	80000-341	Oil & Gas Ad Valorem Prod Fund	1	71300-333	8,454,624
SBOF - State Debt	80000-341	Copper Production Tax Fund	1	71400-333	251,241
SBOF - State Debt	80000-341	Ad Valorem Equipment Tax Fund	1	71500-333	1,754,586
Juvenile Adjudication Fund	10780-341	Transportation & MVD Suspense	1	82500-333	138,036
Santa Fe 400th Plate	10880-341	Transportation & MVD Suspense	1	82500-333	500
Judicial Education Fund	58900-341	Transportation & MVD Suspense	1	82500-333	415,982
DFA Appropriations - MVC	85300-341	Transportation & MVD Suspense	1	82500-333	146,221,335
Enhanced 911 Fund	01700-341	TAA Suspense Fund	1	82800-333	11,423,556
Cancer Research & Treatment Center	23300-341	TAA Suspense Fund	1	82800-333	721,820
Local DWI Grant Fund	56000-341	TAA Suspense Fund	1	82800-333	18,941,776
DFA Appropriations - TAA	85300-341	TAA Suspense Fund	1	82800-333	176,250,513
DFA Appropriations - WKC	85300-341	Workmens' Compensation Fund	1	83100-333	541,265
County-supported Medicaid Fund	02100-341	CRS TAA Suspense Fund	1	83200-333	20,981,733
Small Counties Assistance Fund	73700-341	CRS TAA Suspense Fund	1	83200-333	13,358,193
DFA Appropriations - CRS TAA	85300-341	CRS TAA Suspense Fund	1	83200-333	3,006,115,673
DFA Appropriations - Oil & Gas	85300-341	Oil & Gas Accounting Suspense	1	83300-333	487,977,536
Department of Game & Fish:					
Game & Fish - Intercept Fund	30700-717	Income Tax Suspense Fund	1	81900-333	29,618
Game & Fish - ATV Registration	10840-516	Transportation & MVD Suspense	1	82500-333	686,880
Game Protection Fund - Bass Habitat Program	19800-516	Transportation & MVD Suspense	1	82500-333	7,250
Game Protection Fund - Wildlife Program	30700-516	Transportation & MVD Suspense	1	82500-333	9,175
Department of Human Services					
Child Support Enforcement Fund	97800-630	Income Tax Suspense Fund	1	81900-333	18,971,394
Brain Injury Services Fund	76800-624	Transportation & MVD Suspense	1	82500-333	(5,672,904)
Department of Health:					
DOH Breast Cancer Awareness	06100-665	Transportation & MVD Suspense	1	82500-333	16,025
Blood Donor Plate	06105-665	Transportation & MVD Suspense	1	82500-333	250
Children's Eyesight Fund	26104-665	Transportation & MVD Suspense	1	82500-333	55,928
Department of Public Safety:					
Federal Bureau of Investigations	12805-790	Hazmat Finger Printing Fee Fund	1	68000-333	-
Department of Tourism:					
National Scenic By-Ways Program	03000-418	Transportation & MVD Suspense	1	82500-333	9,300
Litter Control & Beautification Fund	26200-418	Transportation & MVD Suspense	1	82500-333	1,020,728
Department of Transportation:					
State Road Fund Appropriations	20100-805	Transportation & MVD Suspense	1	82500-333	173,128,594
Recycling & Illegal Dumping Fund	20200-805	Transportation & MVD Suspense	1	82500-333	1,822,066
Local Government Road Fund	20300-805	Transportation & MVD Suspense	1	82500-333	888,352
Motorcycle Training Fund	20600-805	Transportation & MVD Suspense	1	82500-333	135,066
DOT DWI Prevention & Education Program	20700-805	Transportation & MVD Suspense	1	82500-333	486,800
Traffic Safety Education & Enforcement Fund	20800-805	Transportation & MVD Suspense	1	82500-333	171,678
Interlock Device Fund	82600-805	Transportation & MVD Suspense	1	82500-333	476,850
State Road Fund Appropriations	20100-805	TAA Suspense Fund	1	82800-333	206,705,366
Local Government Road Fund	20300-805	TAA Suspense Fund	1	82800-333	19,246,555
State Aviation Fund	20500-805	TAA Suspense Fund	1	82800-333	389,504
Highway Infrastructure Fund	20200-805	CRS TAA Suspense Fund	1	83200-333	5,730,334
Local Government Road Fund	20300-805	CRS TAA Suspense Fund	1	83200-333	1,910,112
State Aviation Fund	20500-805	CRS TAA Suspense Fund	1	83200-333	5,371,885

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FIDUCIARY FUND INTER-AGENCY TRANSFERS

Fiscal Year Ended June 30, 2015

Account Transferred to:	Cash Account Transfer to:	Account Transferred from:	Reason for Transfer	Cash Account Transfer from:	Net Amount
Department of Veterans' Services:					
Veterans National Cemetery	12300-670	Income Tax Suspense Fund	1	81900-333	\$ 12,789
New Mexico VSC/ Enterprise Fund	20490-670	Transportation & MVD Suspense	1	82500-333	49,832
New Mexico VSC/ Armed Forces	78400-670	Transportation & MVD Suspense	1	82500-333	94,369
New Mexico VSC/ Enterprise Fund	20490-670	Transportation & MVD Suspense	1	81900-333	5,169
Department of Workforce Solutions					
Unemployment Insurance Benefit Intercept		Income Tax Suspense Fund	1	81900-333	1,561,104
Energy, Minerals & Natural Resources Department:					
EMNRD Parks & Recreation/Vietnam Memorial	20010-521	Income Tax Suspense Fund	1	81900-333	13,173
EMNRD Forest Relief	32100-521	Income Tax Suspense Fund	1	81900-333	12,678
EMNRD - Parks & Recreation	20010-521	TAA Suspense Fund	1	82500-333	441,899
Boat Suspense Fund	77300-521	Transportation & MVD Suspense	1	82500-333	397,041
EMNRD Parks & Recreation	20010-521	Transportation & MVD Suspense	1	82800-333	18,623
Motor Boat Fuel Tax Fund	30900-521	TAA Suspense Fund	1	82800-333	194,982
NM Youth Conservation Corps Fund	01400-522	CRS TAA Suspense Fund	1	83200-333	3,529,034
EMNRD Capital Projects/ 1994	64600-521	CRS TAA Suspense Fund	1	83200-333	4,939,969
OCD - Oil and Gas Reclamation	31100-521	Oil & Gas Accounting Suspense	1	83300-333	5,585,895
General Services Department:					
Handicapped Phone Access Fund	56500-350	TAA Suspense Fund	1	82800-333	2,525,965
Livestock Board:					
NM Livestock/Horse Shelter	12130-508	Income Tax Suspense Fund	1	81900-333	12,578
Military Affairs Department					
Veterans Service/Armed Forces	10580-705	Income Tax Suspense Fund	1	81900-333	8,307
New Mexico Administrative Office of the Courts:					
Admin Office of the Courts	53300-218	Income Tax Suspense Fund	1	81900-333	409,358
Jury & Witness Fee Fund	01200-218	Transportation & MVD Suspense	1	82500-333	690,180
Court Automation Fund	07800-218	Transportation & MVD Suspense	1	82500-333	1,386,519
Magistrate Court Operations Fund	11120-218	Transportation & MVD Suspense	1	82500-333	2,292
Court Facilities Fund	53200-218	Transportation & MVD Suspense	1	82500-333	1,561,692
Local Government Corrections Fund	68800-218	Transportation & MVD Suspense	1	82500-333	2,600,380
New Mexico Retiree Health:					
NM Retiree Health Care Fund	38100-343	CRS TAA Suspense Fund	1	83200-333	26,233,741
Office of the State Treasurer:					
Severance Bonding Fund	41000-394	Oil & Gas Accounting Suspense	1	83300-333	486,038,711
Public Employees Retirement Association:					
PERA - Administration	60600-366	PIT TAA Suspense Fund	1	64200-333	2,400,000
Public Regulation Commission					
Firefighters Survivor Fund	56400-430	Transportation & MVD Suspense	1	82500-333	6,771
Regulation and Licensing Department					
Animal Shelter Fund	20120-420	Transportation & MVD Suspense	1	82500-333	10,500
State Land Office:					
ONGARD/ Oil & Gas Royalty	26400-539	Oil & Gas Accounting Suspense	1	83300-333	120,071
Secretary of the State:					
Public Election Fund	81200-370	Unclaimed Property Susp Fund	1	71000-333	1,200,000
Workers Compensation Administration:					
Workers' Compensation Administration Fund	98200-632	Workers' Compensation Suspense Fund	1	83100-333	12,368,980
					<u>\$ 5,728,743,004</u>

Transfer Purpose

1 Transfer to beneficiary's funds from fiduciary fund as provided by New Mexico Statutes.

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE - AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>ASSETS</u>				
Interest in State General Fund Investment Pool	\$ 831,905,139	8,198,867,948	8,324,874,475	705,898,612
Cash on hand and in banks	3,824,217	3,420,989	6,892,996	352,210
Receivables:				
Counties, municipalities and fee agents	5,064,085	8,651,293	5,064,085	8,651,293
Due from state general fund	329,900	-	329,900	-
Due from other funds	-	43,124	-	43,124
Due from other funds	-			-
Due from taxpayers	1,035,591,477	936,135,271	1,035,591,477	936,135,271
Citations	27,394,345	1,341,084	-	28,735,429
Tax assessments	1,076,074,290	1,126,880,693	1,076,074,290	1,126,880,693
Allowance for uncollectibles	(1,104,693,745)	1,104,693,745	1,155,878,110	(1,155,878,110)
 Total assets	 \$ 1,875,489,708	 11,380,034,147	 11,604,705,333	 1,650,818,522

LIABILITIES

Accounts payable	\$ 112,344	4,796	112,344	4,796
Unidentified tax collections	259,698,416	215,294,589	237,496,503	237,496,502
Due to state general fund	945,367,683	3,457,504,261	4,402,871,944	-
Due to beneficiaries	-	13,114,802		13,114,802
Due to counties and municipalities	307,334,230	1,706,208,431	1,716,647,676	296,894,985
Due to other state agencies	254,850,728	1,887,451,226	1,149,280,576	993,021,378
Due to other funds	3,798,840	627,949,642	628,052,300	3,696,182
Refunds due to taxpayers	102,915,828	557,270,301	555,007,893	105,178,236
Other liabilities - stale dated warrants	1,411,639	2	-	1,411,641
 Total liabilities	 \$ 1,875,489,708	 8,464,798,050	 8,689,469,236	 1,650,818,522

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF CASH BALANCES
June 30, 2015

Interest in the State General Fund Investment Pool

Account Name	Fund Type	DFA SHARE Acct No.	Bank Balance per State Treasurer	Adjustments Not in SHARE	Balance per Financial Statements
Governmental Funds:					
TRD - Operating Fund	Govt'l	17200 - 333	\$ 24,682,793	-	24,682,793
Due from other funds	S R	34800 - 333	424,546	-	424,546
Native American Fund	S R	10690 - 333	25,445	-	25,445
STB Capital Outlay Fund	Capital	89200 - 333	(50,448)	-	(50,448)
Drive MVD Fund	Govt'l	79800 - 333	9,661,451	-	9,661,451
Weight Distance Tax Permit Fee Fund	Govt'l	99400 - 333	6,443,572	-	6,443,572
Total governmental funds			<u>41,187,359</u>	-	<u>41,187,359</u>
Fiduciary Funds:					
Restitution Fund	Agency	23600 - 333	1,172	-	1,172
Oil & Gas Ad Valorem	Agency	23800 - 333	-	-	-
Corporate Income Tax (CIT)	Agency	27900 - 333	42,430,063	-	42,430,063
Personal Income Tax (PIT)	Agency	64200 - 333	4,054,597	-	4,054,597
HazMat Fingerprinting	Agency	68000 - 333	-	-	-
County & Municipal Gasoline Tax	Agency	68100 - 333	472,425	-	472,425
County & Municipal Cigarette	Agency	68300 - 333	-	-	-
Small Cities Assistance	Agency	68400 - 333	6,848,761	-	6,848,761
Motor Transportation	Agency	70600 - 333	140,000	-	140,000
Local Liquor Excise Tax	Agency	70900 - 333	112,200	-	112,200
Unclaimed Property Suspense Fund	Agency	71000 - 333	1,649,741	-	1,649,741
Oil & Gas Ad Valorem	Agency	71300 - 333	-	-	-
Ad Valorem Equipment	Agency	71500 - 333	1,044	-	1,044
Income Tax Suspense Fund	Agency	81900 - 333	(80,515)	-	(80,515)
Transportation & Motor Vehicle	Agency	82500 - 333	31,156,781	-	31,156,781
Unidentified Remittances	Agency	82700 - 333	9,964	-	9,964
Enhanced 911 Surcharge	Agency	82800 - 333	65,896,899	-	65,896,899
Delinquency List Suspense	Agency	83000 - 333	4,120,399	-	4,120,399
Worker's Compensation	Agency	83100 - 333	738,196	-	738,196
CRS (TAA) Suspense Fund	Agency	83200 - 333	437,251,523	-	437,251,523
Oil and Gas Accounting	Agency	83300 - 333	111,095,362	-	111,095,362
Total fiduciary funds			<u>705,898,612</u>	-	<u>66,036,899</u>
					66,036,899
Total interest in the State General Fund Investment Pool			<u>\$ 747,085,971</u>	-	<u>107,224,258</u>

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF CASH BALANCES
June 30, 2015

Cash in Banks

As of June 30, 2015, reconciled motor vehicle field office cash in banks (checking accounts) totaled \$352,210 as follows:

Name of Depository Bank	Account Name	Balance per Financial Statements	Bank Balance
Due from other funds			
Western Commerce Bank (Loving)	NM Taxation & Revenue Department	\$ 29,036	29,036
Western Commerce Bank (Tatum)	NM Taxation & Revenue Department	12,299	12,299
Ambank (Bayard)	NM Taxation & Revenue Department	15,675	15,675
The First Natl Bank of New Mexico (Angel Fire)	NM Taxation & Revenue Department	18,080	18,080
The First Natl Bank of New Mexico (Logan)	NM Taxation & Revenue Department	16,519	16,519
The First Natl Bank of New Mexico (Nara Visa)	NM Taxation & Revenue Department	12,759	12,759
Southwest Capital Bank (Pecos)	NM Taxation & Revenue Department	22,833	22,833
First National Bank (Clouderoft)	NM Taxation & Revenue Department	18,325	18,325
Farmers & Stockmens Bank (Clayton MVD)	NM Taxation & Revenue Department	27,800	27,800
Farmers & Stockmens Bank (Clayton POE)	NM Taxation & Revenue Department	1,712	1,712
People's Bank (Questa)	NM Taxation & Revenue Department	36,960	36,960
People's Bank (Red River)	NM Taxation & Revenue Department	10,134	10,134
My Bank (Mountainair)	NM Taxation & Revenue Department	16,145	16,145
Western Bank (Lordsburg MVD)	NM Taxation & Revenue Department	15,704	15,704
Western Bank (Lordsburg POE)	NM Taxation & Revenue Department	85,848	85,848
The Citizens Bank of Clovis	NM Taxation & Revenue Department	12,381	12,381
First State Bank (Reserve)	NM Taxation & Revenue Department	-	-
Total cash in banks		352,210	352,210
Outstanding checks and adjustments		-	-
Total cash on hand and in banks		\$ 352,210	352,210

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

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
MVD/DHS-USCIS	DHS	S.A.V.E. Program-Verification of Immigrants for Public Benefits By Dept of Homeland Security	2/15/2011-Indefinitely	Based on rate and usage
NM GOVERNORS OFFICE/ TRD/ CYFD/ NMCD/ EXPONM/ HSD/ DOT/ PDD/ DCA/ DWS/ DOH/ DVR/ RLD/ ALTSD/ GSD/ CFB/ WCA/ MCMC/ NMENV/ PED/ DoIT/ DPS-MTD	NM GOVERNORS OFFICE	Collective Bargaining Negotiations	9/20/2011-Until terminated in writing by the office of the Governor	\$250,000
NM GOVERNORS OFFICE/ TRD/SPO/CYFD/ NMCD/ EXPONM/ HSD/ DOT/ PDD/ DCA/ DWS/ DOH/ DVR/ RLD/ ALTSD/ GSD/ CFB/ WCA/ MCMC/ NMENV/ PED/ DoIT/ DPS-MTD/SFC	SPO	Cooperative funding for Lawsuit (State of NM v. AFL-CIO)	2/18/2013-Until terminated in writing by the Office of the Governor	\$53,500
TRD/ASBDCCNM	TRD	Classroom space for tax workshops	7/1/2014-6/30/2015	\$3,000
TRD/ATF	Both	Coordination of Tax Administration	5/16/1991-Indefinitely	N/A
TRD/Bernalillo Metropolitan Court for Central Parking system	TRD	DWI Hearings parking-Law enforcement officers & TRD legal staff	7/6/2011-6/30/2014	Based on rate and usage
TRD/DOH	Both	Exchange Information for rural healthcare income tax Credit.	9/2/2010-Indefinitely	N/A
TRD/LFC/DFA/DOT/UNM	TRD	State and Regional Forecasting Services	7/1/2014-6/30/2015	\$83,966
TRD/MVD/F.B.I.	TRD/MVD	F.A.C.E. Data base access	5/8/2013-Indefinitely	\$0
TRD/MVD/GSD/TSD	Due from other funds	MVD database access-Undercover & street plate program	1/14/2013-Indefinitely	N/A
TRD/MVD/HSD/DOH/ALTSD/CYFD	All	Exchange of Information for the Deficit Reduction Action related to Medicaid and other public assistance programs	6/8/2006-Indefinitely	\$0
TRD/Los Alamos National Security, LLC (LANL)	TRD	Filing Agreement	1/1/2014-12/31/2017	\$0
TRD/MVD/New Mexico Donor Services	TRD/MVD	MVD database access for Donor Status	12/9/2014-Indefinitely	N/A
TRD/MVD/NMDOT	TRD/MVD	\$25.00 license plate fee for Route 66 Historic Preservation Fund	3/12/2007-Indefinitely	\$0
TRD/NMDPS	NMDPS	Automated Finger I.D. System Background Check	11/22/2013-11/5/2016	\$0
TRD/NMDPS/MTD	NMDPS	Enforcement/collections of weight distance & trip tax	1/2009-6/30/2015	\$386,774
TRD/MVD/NMDPS	Both	Salaries for special operations at ports-of entries and license plate Reader	10/2010-6/30/2015	\$400,000
TRD/NMDWS	Both	Information Sharing-Unemployment Insurance Bureau	2/20/2013-2/19/2016	State Legislature Appropriated
TRD/NMDWS	Both	Terms and conditions for user access to uFacts system/information security	11/6/2012-11/5/2015	N/A
TRD/NMED	NMED	Tax Policy Planning (The Office of Public Facilitation)	4/28/2003-Indefinitely	\$31,000
TRD/NMGCB	TRD	Dissemination of criminal history information on employees subject to the REAL ID Act	10/17/2012-Indefinitely	\$0
TRD/NMSLO/OSC	NMSLO	Create a support workforce to facilitate the design, development, & implementation of ONGARD modernization	10/1/2014-completion/lack of appropriation	571,900

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/NMSLO/EMNRD	TRD	Shared responsibility of the ONGARD System	1/14/2004-Indefinitely	***
TRD/MVD/Retro: Relive the Route Committee	TRD/MVD	Recycled license plates-Float & Wall	2/18/2014-Indefinitely	\$0
TRD/RLD	RLD	Exchange of Information from RLD to TRD Concerning certain Licenses	10/1/2010-Indefinitely	\$0
TRD/SOS	SOS	Exchange of Voter Registration and Uniform Commercial Code Information	11/9/2010-Indefinitely	N/A
TRD/SPO/DoIT/DGF	SPO	IT Classification study and implementation	10/8/2014 -upon full payment	10,000
TRD/TGCC	TGCC	Suspicious Filer Exchange of Information Program	11/6/2006-Indefinitely	N/A
TRD/TBB US Dept. of the Treasury	Both	Coordination of Federal and State tax administration regarding alcohol and tobacco excise taxes.	3/12/2008-Indefinitely	N/A
TRD/MVD/UNM CONTINUING EDUCATION	TRD/MVD	None for the Road testing program	4/17/2012-Indefinitely	Based on usage
WSCA/ASU	Both	Collaborative Research Projects of Mutual Interest.	9/8/2011-9/7/2014	\$100,000
TRD/DARPA	Both	Equitable administration and enforcement of revenue laws	8/18/2011-Indefinitely	N/A
TRD/Defense Evaluation Support Activity	Both	Equitable administration and enforcement of revenue laws	1/18/1990-Indefinitely	N/A
TRD/DSWA/FCDSWA	Both	Equitable administration and enforcement of revenue laws	12/7/1996-Indefinitely	N/A
TRD/DTRA/DTRA-ALLK	Both	Equitable administration and enforcement of revenue laws	4/23/2003-Indefinitely	N/A
TRD/FLETC	Both	Equitable administration and enforcement of revenue laws	3/10/1992-Indefinitely	N/A
TRD/MDA	Both	Equitable administration and enforcement of revenue laws	8/3/2003-Indefinitely	N/A
TRD/NASA	Both	Equitable administration and enforcement of revenue laws	1/14/1983-Indefinitely	N/A
TRD/US Dept. of Agriculture	Both	Equitable administration and enforcement of revenue laws	1/21/1983-Indefinitely	N/A
TRD/US Dep. of Energy	Both	Equitable administration and enforcement of revenue laws	12/28/1982-Indefinitely	N/A
TRD/US Dept. of Health and Human Services	Both	Equitable administration and enforcement of revenue laws	5/1/1989-Indefinitely	N/A
TRD/US Dept. of Labor	Both	Equitable administration and enforcement of revenue laws	1/13/1983-Indefinitely	N/A
TRD/US Dept. of The Air Force	Both	Equitable administration and enforcement of revenue laws	1/6/1983-Indefinitely	N/A
TRD/US Dept. of The Army	Both	Equitable administration and enforcement of revenue laws	1/18/1983-Indefinitely	N/A
TRD/US Dept. of The Interior	Both	Equitable administration and enforcement of revenue laws	1/18/1983-Indefinitely	N/A
TRD/US Dept. of The Navy	Both	Equitable administration and enforcement of revenue laws	1/26/1983-Indefinitely	N/A
TRD/US Dept. of Transportation	Both	Equitable administration and enforcement of revenue laws	1/18/1990-Indefinitely	N/A
TRD/US General Services Administration	Both	Equitable administration and enforcement of revenue laws	1/31/1983-Indefinitely	N/A
TRD/USSOCOM	Both	Equitable administration and enforcement of revenue laws	12/5/2002-Indefinitely	N/A

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/APSPD	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/3/2011-Indefinitely	Based on usage
TRD/MVD/NMI/APSPD/NM HIDT	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/4/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Central Consolidated School District	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	8/12/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Central Region Education Cooperative (REC #5)	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/01/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Chaves County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Cibola County Assessors Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Cimmaron Municipal Schools	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/12/2011-Indefinitely	Based on usage
TRD/MVD/NMI/City of Belen	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	6/9/2011-Indefinitely	Based on usage
TRD/MVD/NMI/City of Gallup	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	7/10/2011-Indefinitely	Based on usage
TRD/MVD/NMI/City of Portales	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/9/2011-Indefinitely	Based on usage
TRD/MVD/NMI/City of Rio Rancho	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	7/18/2011-Indefinitely	Based on usage
TRD/MVD/NMI/City of Tucumcari	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Colfax County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/19/2011-Indefinitely	Based on usage
TRD/MVD/NMI/County of Curry	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	6/9/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Curry County Clerk's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/De Baca County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	7/16/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Department of Health Los Lunas Community Program	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/21/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Dona Ana County Assessor's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/5/2012-Indefinitely	Based on usage

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/Hidalgo County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/2/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Joint Advertising, Market Research and Studies (JAMRS) Department of Defense	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/21/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Los Alamos County Clerk	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Los Alamos Public Schools	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/11/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Los Lunas Schools Transportation Department	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	6/25/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Mora County Clerk's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/New Mexico Lottery Authority	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/New Mexico State University	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/1/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Ninth Judicial District Attorney's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/NMDOT	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/NMSU Environmental Health & Safety	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Otero County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Pecos Independent School District	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	8/12/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Raton Public Schools	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/2/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Rio Arriba County Clerk	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Roosevelt County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Roy Municipal Schools	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/2/2011-Indefinitely	Based on usage
TRD/MVD/NMI/San Juan County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	7/16/2011-Indefinitely	Based on usage

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/San Miguel County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/19/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Sandoval County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Santa Fe County	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Seventh Judicial District Attorney's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/21/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Taos County Assessor's Office	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Texico Municipal Schools	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Tucumcari Public School	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/30/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Village of Logan	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/11/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Village of Santa Clara	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Village of Tijeras	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/11/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Anthony Duran (Budget Towing)	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/ARCA, Christine Lawson	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/At Scene Investigations	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Bernalillo Academy	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Big Brothers Big Sisters of Northern NM	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Centrus Auto Finance, LLC	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/David J. Aldrete, Attorney at Law	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/DL Peterson Trust	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage

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Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/Eaglemark Savings Bank	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/El Paraiso Management Services	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Envirotech, Inc	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Griego & Guggino	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Heritage Home Healthcare Services, Inc	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/High Desert Family Service, Inc (HDFS)	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Hydro Pure Technologies, Inc	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/James B Ragan	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Los Poblanos Organics	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/McCarthy & Holthus, LLP	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Progressive Insurance	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Su Vida Services, Inc	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Thomas Management Group	TRD/MVD	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/20/2012-Annual Renewal	Based on usage
TRD/MVD/MVD SPECIALISTS	TRD	Surety bond for VIN Inspections	2/28/2013-Indefinitely	\$0
TRD/MVD/Safetynet Works, Inc. DBA MVD Express	TRD	Surety bond for VIN Inspections	3/28/2013-Indefinitely	\$0
TRD/MVD/ASAP MVD, LLC	TRD/MVD	Super Title Service Co Operations	9/5/2011-9/4/2015	\$0
TRD/MVD/Complete Compliance Services, LLC	TRD/MVD	Super Title Service Co Operations	11/24/2014-11/23/2018 Annual Renewal	\$0
TRD/MVD/COPART of Arizona, Inc.	TRD/MVD	Super Title Service Co Operations	11/21/2014-11/30/2015	\$0
TRD/MVD/NMIADA	TRD/MVD	Super Title Service Co Operations	12/2/2014-12/1/2018 Annual Renewal	\$0
TRD/MVD/Rapid MVD Services	TRD/MVD	Super Title Service Co Operations	11/21/2014-11/20/2018 Annual Renewal	\$0
TRD/MVD/Roadrunner MVD Services, LLC	TRD/MVD	Super Title Service Co Operations	1/13/2012-1/12/2016	\$0
TRD/MVD/Bernalillo County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/16/2012-Indefinitely	N/A

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Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/Catron County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	9/3/2014-Indefinitely	N/A
TRD/MVD/Chaves County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	7/30/2012-Indefinitely	N/A
TRD/MVD/Colfax County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Curry County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	1/13/2012-Indefinitely	N/A
TRD/MVD/Don Ana County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Eddy County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Grant County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Harding County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Hidalgo County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	8/8/2013-Indefinitely	N/A
TRD/MVD/Lea County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Lincoln County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	5/18/2012-Indefinitely	N/A
TRD/MVD/Los Alamos County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	4/2/2012-Indefinitely	N/A
TRD/MVD/Luna County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	8/11/2014-Indefinitely	N/A
TRD/MVD/McKinley County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	4/2/2012-Indefinitely	N/A
TRD/MVD/Otero County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Quay County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Rio Arriba County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	1/5/2012-Indefinitely	N/A
TRD/MVD/Roosevelt County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/San Juan County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	No date on document	N/A
TRD/MVD/San Miguel County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/21/2013-Indefinitely	N/A
TRD/MVD/Sandoval County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Santa Fe County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/22/2011-Indefinitely	N/A
TRD/MVD/Sierra County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Socorro County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Taos County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Torrance County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Valencia County Treasurer	TRD/MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A

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Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/Central New Mexico Community College	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Dona Ana Community College Las Cruces	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Eastern NM University Roswell	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Operating Engineers Local #953	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/NM State University Carlsbad	TRD/MVD	3rd party testing of CDL Applicants	3/17/2014-6/30/2017	\$0
TRD/MVD/New Mexico Junior College Hobbs	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/NMDOT	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/San Juan Community College	TRD/MVD	3rd party testing of CDL Applicants	7/11/2013-6/30/2017	\$0
TRD/MVD/NMPED	TRD/MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/505 Santa Fe's School of Driving	TRD/MVD	Driver Testing Agreement	10/29/14-10/28/2018	\$0
TRD/MVD/A Advance Driving School	TRD/MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/A+ Driving School	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/ABC Driver's Education	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/ABC Tierra Encantada	TRD/MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/ABQ Driving School	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Achievement Driving School	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Advanced Driving School	TRD/MVD	Driver Testing Agreement	11/20/2012-11/19/2016	\$0
TRD/MVD/Albuquerque Job Corps Center	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Artesia Public Schools	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Best Price Driving School	TRD/MVD	Driver Testing Agreement	10/31/2013-10/30/2017	\$0
TRD/MVD/Bradley School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Chamisa School of Driving, LLC	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Coach Al's Driving School, LLC	TRD/MVD	Driver Testing Agreement	2/6/2013-2/5/2017	\$0
TRD/MVD/Coach's School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/CRASH Course	TRD/MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/Drive Tech Albuquerque, LLC	TRD/MVD	Driver Testing Agreement	3/12/2014-3/11/2018	\$0
TRD/MVD/Drive Tech Driver Education, LLC	TRD/MVD	Driver Testing Agreement	3/3/2014-3/2/2018	\$0
TRD/MVD/Drive Tech School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Driving Services, Inc dba McGinnis School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Driving to Independence	TRD/MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/Excel Driving School, LLC	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Garley's School of Driving	TRD/MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/GT3 School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Jenkins Drivers Ed	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Larrabee's School of Driving	TRD/MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/LTD School of Driving, Inc	TRD/MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/Mi Tierra Driving School	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/New Mexico Academy of Driving	TRD/MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/New Mexico Junior College	TRD/MVD	Driver Testing Agreement	10/24/2012-10/23/2016	\$0
TRD/MVD/New Start Driving School, LLC. Inc	TRD/MVD	Driver Testing Agreement	8/7/2014-8/6/2018	\$0

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TRD/MVD/Northern Rio Grande Driving School	TRD/MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/Old School of Driving, Inc	TRD/MVD	Driver Testing Agreement	7/3/2014-7/2/2018	\$0
TRD/MVD/Portales Driving School	TRD/MVD	Driver Testing Agreement	9/26/2013-9/25/2017	\$0
TRD/MVD/Premier School of Driving, LLC	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Pro Force Academy	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Rocky Mountain Training Services	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Roswell Job Corps Center	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Sierra Driving School	TRD/MVD	Driver Testing Agreement	12/19/2012-12/18/2016	\$0
TRD/MVD/State School of Driving	TRD/MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/Street Smarts Driving School	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/T&R School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/T.J. McGinnis School of Driving LTD	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Teppesco 2	TRD/MVD	Driver Testing Agreement	9/4/2014-9/3/2018	\$0
TRD/MVD/Teppesco Driving School LLC	TRD/MVD	Driver Testing Agreement	10/22/2012-10/21/2016	\$0
TRD/MVD/The Cadillac School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/The Wright Way Driving School	TRD/MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/TLC Defensive Driving Schools	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Turner's School of Driving, Inc	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/XLR8 School of Driving	TRD/MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/City of Aztec	TRD/MVD	Motor Vehicle Service Provider	5/25/2014-5/24/2018	\$0
TRD/MVD/City of Bayard	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Bloomfield	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Deming	TRD/MVD	Motor Vehicle Service Provider	1/20/2010-1/19/2014	\$0
TRD/MVD/City of Eunice	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Hobbs	TRD/MVD	Motor Vehicle Service Provider	3/29/2010-3/28/2018	\$0
TRD/MVD/City of Jal	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Lovington	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Rio Rancho	TRD/MVD	Motor Vehicle Service Provider	3/25/2012-3/24/2016	\$0
TRD/MVD/City of Santa Rosa	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/ County of Eddy	TRD/MVD	Motor Vehicle Service Provider	3/5/2009-3/4/2017	\$0
TRD/MVD/Kirtland AFB	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Mora County	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Bernalillo	TRD/MVD	Motor Vehicle Service Provider	1/9/2009-1/8/2017	\$0
TRD/MVD/Town of Carrizozo	TRD/MVD	Motor Vehicle Service Provider	3/6/2009-3/5/2017	\$0
TRD/MVD/Town of Dexter	TRD/MVD	Motor Vehicle Service Provider	1/9/2009-1/8/2017	\$0
TRD/MVD/Town of Estancia	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Mountainair	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Red River	TRD/MVD	Motor Vehicle Service Provider	12/26/2012-12/25/2016	\$0
TRD/MVD/Town of Tatum	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Angel Fire	TRD/MVD	Motor Vehicle Service Provider	12/26/2012-12/25/2016	\$0

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TRD/MVD/Village of Chama	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Cloudcroft	TRD/MVD	Motor Vehicle Service Provider	1/15/2013-1/14/2017	\$0
TRD/MVD/Village of Corona	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Cuba	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Fort Sumner	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Hatch	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Jemez Springs	TRD/MVD	Motor Vehicle Service Provider	8/9/2012-8/8/2016	\$0
TRD/MVD/Village of Logan	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Loving	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Melrose	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Pecos	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Questa	TRD/MVD	Motor Vehicle Service Provider	3/9/2009-3/8/2017	\$0
TRD/MVD/Village of Roy	TRD/MVD	Motor Vehicle Service Provider	7/11/2014-7/10/2018	\$0
TRD/MVD/Village of Tijeras	TRD/MVD	Motor Vehicle Service Provider	5/1/2014-4/30/2018	\$0
TRD/MVD/Village of Tularosa	TRD/MVD	Motor Vehicle Service Provider	3/21/2013-3/20/2017	\$0
TRD/MVD/Village of Wagon Mound	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/White Sands Missile Range	TRD/MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/AIS Governing Board	TRD	Exchange of Tax Related Information	7/1/2009-6/30/2019	\$0
TRD/Jicarilla Apache Nation	TRD	Exchange of Tax Related Information Gasoline Taxes Within Tribal Lands	11/2003-Indefinitely	\$0
TRD/NMDOT/Nambe Pueblo/NPDC (amendment)	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	2/2006-Indefinitely	\$0
TRD/Navajo Tax Commission (ONTC)	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	3/9/2004-Indefinitely	\$0
TRD/Ohkay Owingeh	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	1/1/2009-12/31/2018	\$0
TRD/Pueblo de Cochiti Division of Revenue	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	3/27/2006-3/26/2016	\$0
TRD/Pueblo of Laguna Tax Administration	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	4/8/2002-4/7/2022	\$0
TRD/Pueblo of Nambe Tax Authority	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	5/1/2002-4/30/2022	\$0
TRD/Pueblo of Picuris	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	7/1/2010-6/30/2020	\$0
TRD/Pueblo of Pojoaque Tax Commission	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	4/19/2008-4/18/2018	\$0
TRD/Pueblo of Tesuque	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	7/1/2011-6/30/2021	\$0
TRD/Pueblo of Zuni	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	10/25/1999-Indefinitely	\$0
TRD/Sandia Pueblo Tax Administrator	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	7/24/2002-7/23/2022	\$0
TRD/Santa Clara Pueblo Tax Commission	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	1/29/1998-1/28/2018	\$0
TRD/Santa Fe Indian School, Inc.	TRD	Exchange of Tax Related Information	1/1/2011-12/31/2021	\$0
TRD/Santo Domingo Tribe	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	5/17/2007-5/16/2017	\$0

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TRD/Taos Pueblo	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	10/15/2007-10/14/2017	\$0
TRD/Jicarrilla Apache Revenue & Tax Dept.	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	1/1/2005-12/31/2014	\$0
TRD/Pueblo de Cochiti	TRD	Exchange of Tax Related Information Gasoline Taxes within Tribal Lands	12/6/2006-Indefinitely	\$0
TRD/State of Alabama	BOTH	Exchange of Tax Related Information	3/31/1992-Indefinitely	\$0
TRD/State of Alaska	BOTH	Exchange of Tax Related Information	9/16/1982-Indefinitely	\$0
TRD/State of Arizona	BOTH	Exchange of Tax Related Information	5/27/1985-Indefinitely	\$0
TRD/MVD/State of Arizona DOT	BOTH	Exchange of Tax Related Information	7/8/1993-Indefinitely	\$0
TRD/State of Arkansas	BOTH	Exchange of Tax Related Information	9/16/1982-Indefinitely	\$0
TRD/California State Board of Equalization	BOTH	Exchange of Tax Related Information	6/5/1985-Indefinitely	\$0
TRD/California State Franchise Tax Board	BOTH	Exchange of Tax Related Information	6/5/1985-Indefinitely	\$0
TRD/State of Colorado	BOTH	Exchange of Tax Related Information	9/17/1982-Indefinitely	\$0
TRD/State of Connecticut	BOTH	Exchange of Tax Related Information	11/19/1991-Indefinitely	\$0
TRD/State of Delaware	BOTH	Exchange of Tax Related Information	2/3/1998-Indefinitely	\$0
TRD/District of Columbia	BOTH	Exchange of Tax Related Information	11/12/1982-Indefinitely	\$0
TRD/State of Florida	BOTH	Exchange of Tax Related Information	5/27/1985-Indefinitely	\$0
TRD/State of Hawaii	BOTH	Exchange of Tax Related Information	9/30/1982-Indefinitely	\$0
TRD/State of Idaho	BOTH	Exchange of Tax Related Information	4/22/1985-Indefinitely	\$0
TRD/State of Illinois	BOTH	Exchange of Tax Related Information	7/15/1985-Indefinitely	\$0
TRD/State of Indiana	BOTH	Exchange of Tax Related Information	12/6/1976-Indefinitely	\$0
TRD/State of Iowa	BOTH	Exchange of Tax Related Information	4/1/1991-Indefinitely	\$0
TRD/State of Kansas	BOTH	Exchange of Tax Related Information	9/16/1982-Indefinitely	\$0
TRD/State of Kentucky	BOTH	Exchange of Tax Related Information	1/4/1999-Indefinitely	\$0
TRD/State of Louisiana	BOTH	Exchange of Tax Related Information	6/14/1996-Indefinitely	\$0
TRD/State of Maine	BOTH	Exchange of Tax Related Information	11/7/1985-Indefinitely	\$0
TRD/State of Maryland	BOTH	Exchange of Tax Related Information	7/8/1985-Indefinitely	\$0
TRD/State of Massachusetts	BOTH	Exchange of Tax Related Information	9/14/1985-Indefinitely	\$0
TRD/State of Michigan	BOTH	Exchange of Tax Related Information	11/12/1982-Indefinitely	\$0
TRD/State of Minnesota	BOTH	Exchange of Tax Related Information	4/17/1984-Indefinitely	\$0
TRD/State of Mississippi	BOTH	Exchange of Tax Related Information	7/15/1985-Indefinitely	\$0
TRD/State of Missouri	BOTH	Exchange of Tax Related Information	5/14/1991-Indefinitely	\$0
TRD/State of Montana	BOTH	Exchange of Tax Related Information	12/10/1982-Indefinitely	\$0
TRD/State of Nebraska	BOTH	Exchange of Tax Related Information	12/3/1982-Indefinitely	\$0
TRD/Nevada DMV & Public Safety	BOTH	Exchange of Tax Related Information	12/1/1995-Indefinitely	\$0
TRD/State of Nevada	BOTH	Exchange of Tax Related Information	11/26/1996-Indefinitely	\$0
TRD/State of New Hampshire	BOTH	Exchange of Tax Related Information	6/26/1985-Indefinitely	\$0
TRD/State of New Jersey	BOTH	Exchange of Tax Related Information	6/25/1987-Indefinitely	\$0
TRD/State of New York	BOTH	Exchange of Tax Related Information	12/8/2005-Indefinitely	\$0
TRD/State of North Carolina	BOTH	Exchange of Tax Related Information	3/16/1984-Indefinitely	\$0
TRD/State of North Dakota	BOTH	Exchange of Tax Related Information	6/24/1985-Indefinitely	\$0

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/State of Ohio	BOTH	Exchange of Tax Related Information	3/13/1997-Indefinitely	\$0
TRD/State of Oklahoma	BOTH	Exchange of Tax Related Information	6/28/1996-Indefinitely	\$0
TRD/State of Oregon	BOTH	Exchange of Tax Related Information	9/11/1985-Indefinitely	\$0
TRD/State of Pennsylvania	BOTH	Exchange of Tax Related Information	9/11/1985-Indefinitely	\$0
TRD/State of Rhode Island	BOTH	Exchange of Tax Related Information	6/5/1985-Indefinitely	\$0
TRD/State of South Carolina	BOTH	Exchange of Tax Related Information	12/16/1983-Indefinitely	\$0
TRD/State of South Dakota	BOTH	Exchange of Tax Related Information	11/7/1983-Indefinitely	\$0
TRD/State of Tennessee	BOTH	Exchange of Tax Related Information	6/17/1985-Indefinitely	\$0
TRD/State of Texas	BOTH	Exchange of Tax Related Information	4/22/1985-Indefinitely	\$0
TRD/State of Utah	BOTH	Exchange of Tax Related Information	10/31/1989-Indefinitely	\$0
TRD/State of Vermont	BOTH	Exchange of Tax Related Information	7/29/1985-Indefinitely	\$0
TRD/State of Virginia	BOTH	Exchange of Tax Related Information	6/26/1985-Indefinitely	\$0
TRD/State of Washington	BOTH	Exchange of Tax Related Information	3/26/1984-Indefinitely	\$0
TRD/State of Wisconsin	BOTH	Exchange of Tax Related Information	7/1/1985-Indefinitely	\$0
TRD/State of Wyoming	BOTH	Exchange of Tax Related Information	5/13/1988-Indefinitely	\$0
*** The Tri-Agencies are responsible for the ONGARD Service Center and all expenses as allocated by the NM State Legislature				

OTHER INFORMATION - Required by 2.2.2.10(A)(2)(g) NMAC

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
UNAUDITED SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
Year Ended June 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N)? For Federal Funds, Answer N/A.</i>	<i>Brief Description of the Scope of Work</i>
50-33300-15-16971	Sole Source	Fast Ent.	\$2,899,425.20		Fast Enterprises LLC 6400 Fiddlers Green Cir Ste 1500 Greenwood Village, Co 80111	Y	N/A	Software maintenance for Gentax system
N/A	Emergency	Xerox State & Local Solutions	\$101,037.00		Xerox State & Local Solutions 101 North 1st Avenue Ste. 220 Phoenix, AZ 85003	N	N/A	Maintenance and support of the MVD call center
20-333-00-10989	RFP	Graeser & Mcqueen LLC	\$243,500.00	\$78,500.00	Only one vendor responded: Graeser Law Firm P.O. Box 220 Santa Fe, NM 87504	Y	N/A	Legal services Property Tax Division to assist with protests- Original RFP was awarded FY13
50-33300-15-16837	Sole Source	IBML	\$65,384.00		Imaging Business Machines, llc 2750 Crestwood Blvd. Irondale, AL 35210achines	N	N/A	Maintenance of Trac Scanners

SINGLE AUDIT

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
US Department of Interior: Audits of Oil and Gas Leases	15.427		\$ 1,337,529
Total US Department of Interior			<u>1,337,529</u>
US Department of Transportation: CDL Project & Administration	20.232		313,853
Federal/State Motor Fuel Tax Compliance Grant	20.240	MFTE011	578
Total US Department of Transportation			<u>314,431</u>
US Department of Homeland Security Driver's License Security Grant Program	97.089		99,857
Total US Department of Homeland Security			<u>99,857</u>
Total Expenditures of Federal Awards			<u>\$ 1,751,817</u>

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Taxation and Revenue Department under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position, changes in net position or cash flow of the Department.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting which is described in Note 2 to the Department's governmental fund financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. NON-CASH ASSISTANCE

The Department did not receive any Federal non-cash assistance in fiscal year 2015.



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor
New Mexico Taxation and Revenue Department
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the New Mexico Taxation and Revenue Department (Department) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and related budgetary comparison of the Department presented as supplementary information, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor
New Mexico Taxation and Revenue Department
Santa Fe, New Mexico

Compliance and Other Matters

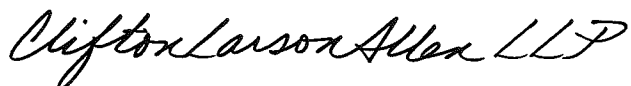
As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-003, 2014-001, and 2014-003, 2015-001.

The Department's Response to Findings

The Department's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 25, 2015



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE WITH OMB CIRCULAR A-133

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor
NM Taxation and Revenue Department
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited New Mexico Taxation and Revenue Department's (Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2015. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor

Santa Fe, New Mexico

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

The Department's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Finding and Questioned Costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003, which we consider to be significant deficiencies.

Demesia Padilla, Cabinet Secretary
Honorable Susana Martinez, Governor
Timothy M. Keller, New Mexico State Auditor

Santa Fe, New Mexico

The Department's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 25, 2015

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015**

2009-001	Information Technology – User Account and Identity Management	.....	Resolved
2009-002	Internal Control Monitoring for MVD Tax Distributions	.....	Resolved
2013-001	Information Technology – ONGARD Controls	.....	Repeated
2013-003	Information Technology – Overall IT Controls	.....	Repeated
2014-001	Untimely Deposits	.....	Repeated and Modified
2014-002	Travel and Per Diem	.....	Resolved
2014-003	Use of State Issued Gas Credit Cards	.....	Repeated and Modified
2014-004	Capital Asset Restatement	.....	Resolved
2015-002	(Original Finding Number 2014–005) Federal Finding – Allowability – Time and Effort Payroll Certification	.....	Repeated and Modified

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?

Yes No

• Significant deficiency(s) identified?

Yes None noted

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

• Material weakness (es) identified?

Yes No

• Significant deficiency(s) identified?

Yes No

Type of auditor's report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Programs

CFDA Number Name of Federal Program or Cluster

15.427 US Department of Interior – Audits of Oil and Gas Leases

20.232 US Department of Transportation – CDL Project & Administration

Dollar threshold used to distinguish between type A and type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2013-001 Information Technology – ONGARD Controls (Non-Compliance) Repeated and Modified

CONDITION

During our procedures over the ONGARD information technology system, we noted that due to ONGARD not being transactional in nature, the last transaction log is permanently recorded in a transaction log meaning that only the last change is available if auditing is necessary. If a new change occurs, the prior history of the change is overwritten.

Management's Progress for Repeat Finding 2013-001: The agency has found a software solution that can be integrated into the current system to address this issue. Completion is scheduled for December 2015

CRITERIA

Per State of NM Statewide Guideline "Enterprise IT Security Policy", S-GUIDE-002.003, "the State of New Mexico shall securely and economically protect its business functions including public access to appropriate information and resources, while maintaining compliance with legal requirements established by existing Federal and State statutes pertaining to confidentiality privacy, accessibility, availability, and integrity."

EFFECT

Without a way to track and determine the status of data changed in ONGARD, there is potential that failures in data changes or unauthorized changes get overlooked.

CAUSE

Structure of existing database prevents strong audit trail.

RECOMMENDATION

We recommend that ONGARD be modernized to provide the ability to track history of data changes.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-001 Information Technology – ONGARD Controls (Non-Compliance) Repeated and Modified (Continued)

MANAGEMENT’S RESPONSE

An RFI was issued to assess possible replacement costs and vendor capabilities. The RFI responses were analyzed and we were able to identify some existing software that supports tax and royalty processing and has been implemented in other states. This discovery has led us to change our approach to the replacement of ONGARD. A hybrid approach in which two existing software solutions would be integrated is being planned. The target date for completion of the project is December 2015.

2013-003 Information Technology – Overall IT Controls (Non-Compliance in Accordance with New Mexico State Audit Rule) Repeated and Modified

CONDITION

During our procedures over the overall information technology system, we noted the Department relies heavily on the Department of Information Technology (DoIT) for services. These services include but are not limited to backing up of data and disaster recovery plan exists for the mainframe and SHARE. The Department was unsure if mainframe or SHARE could be recovered in the event of a disaster and backup data is being taken off-site.

Management’s Progress for Repeat Finding 2013-003: The agency is in the process of working with a contractor for assistance and understanding of a disaster recovery plan. The project in conjunction with DOIT is scheduled to be completed in December of 2015.

CRITERIA

Per State of NM Statewide Guideline “Enterprise IT Security Policy”, S-GUIDE-002.003, “the State of New Mexico shall securely and economically protect its business functions including public access to appropriate information and resources, while maintaining compliance with legal requirements established by existing Federal and State statutes pertaining to confidentiality privacy, accessibility, availability, and integrity.”

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-003 Information Technology – Overall IT Controls (Non-Compliance) Repeated and Modified (Continued)

CAUSE

The Department does not have formalized procedures in place regarding a disaster recovery plan.

EFFECT

The Department does not have control over the mainframe and SHARE and thus has reduced ability to influence the IT control environment.

RECOMMENDATION

We recommend the Department work with DoIT to gain an understanding of the disaster recovery plan and storage of backups. It would be prudent for the Department to be part of DoIT's testing of the Disaster Recovery Plan to ensure the viability of the DoIT's plan and the timeliness of its execution. In addition, it would be prudent for the Department to understand where backup data is being stored.

MANAGEMENT'S RESPONSE

ONGARD has contracted with RiskSense to assist in developing a Disaster Recovery plan for ONGARD. This project is scheduled for completion in December 2015. The team working on the project has worked with DoIT to couple the ONGARD Service Center activity with DoIT recovery activity. A tabletop exercise is scheduled for December 2015. DoIT has also put an agreement in place with New Mexico State University to utilize mainframe computing facilities housed on the NMSU campus in Las Cruces. Recovery time for this option, which is supposed to be seamless, is targeted for under ten minutes. The DoIT capability will be tested with DoIT when they have completed the planning with NMSU. At this time, this testing is expected to happen in the first half of 2016.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2014 – 001 Untimely Deposits (Non Compliance) Repeated and Modified

CONDITION

During our testwork of 11 cash receipt packets from MVD Field offices across the state, we noted the field offices are not making deposits with the respective financial institution within the required period of time.

Management's Progress for Repeat Finding 2014-001: The Agency in FY15 has identified MVD offices that are very rural and will work with our Tax Policy Department to pursue an exemption from current statute and DFA's Manual of Model Accounting Practices. We have also expanded the use of desktop scanners for processing check payments in the outlying offices to insure timely deposits.

CRITERIA

Pursuant to Section 66-6-22.1 NMSA, Motor Vehicle Suspense, all monies collected daily must be deposited to the bank within 48 hours (2 business days.)

CAUSE

Due to the rural locations of the MVD field offices, it is challenging for the office staff to make the deposit within the necessary time period.

EFFECT

Non compliance with the New Mexico Administrative Code.

RECOMMENDATION

We recommend the Department obtain an exemption from the current statute to allow more time for deposits with these rural locations.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2014 – 001 Untimely Deposits (Non Compliance) Repeated and Modified (Continued)

MANAGEMENT’S RESPONSE

The Agency CFO will work with the Motor Vehicle Division and Tax Policy Office to submit legislation to obtain an exemption from current statute and DFA’s Manual of Model Accounting Practices to allow the rural MVD field offices additional time to complete bank deposits. MVD has expanded the use of desk top scanners to offices around the state to insure timely deposits. We continue to explore cost effective means of getting cash deposited timely.

2014 – 003 Use of State Issued Gas Credit Cards (Non Compliance) Repeated and Modified

CONDITION

During testwork over gas cards, we identified 32 instances where a fuel type other than regular unleaded was purchased, which amounted to \$946.

Management’s Progress for Repeat Finding 2014-003: The Vehicle Coordinator for the Financial Services Bureau reviews on a monthly basis the Wex statement against receipts turned in by vehicle users. Any discrepancies are noted and justification is required from all drivers. Any un-authorized purchases are reported to Division Directors for collection action from the employee.

CRITERIA

NMAC 1.5.3.19 NMSA 1978 states that all fuel purchases must be for unleaded fuel and exception reports are to be reviewed on a monthly basis.

EFFECT

Non compliance with New Mexico Statutes.

CAUSE

Lack of adherence to the Department policies and procedures by Department employees who use the WEX fuel cards.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2014 – 003 Use of State Issued Gas Credit Cards (Non Compliance) Repeated and Modified (Continued)

RECOMMENDATION

We recommend the Department remind their employees of their policies and procedures pertaining to WEX fuel card usage and modify their internal controls to include documentation of the monthly reviews that are performed.

MANAGEMENT'S RESPONSE

On June 22, 2015, a memo was sent out to all Division Directors reporting the audit findings as well as giving them direction on how un-authorized purchases would be handled. The Financial Services Bureau Vehicle Coordinator reviews the Wex Fuel statement on a monthly basis, comparing actual receipts to the Statement detail. Any purchases outside of our Policy and Procedures are reported to the Division Director to review with the employee who has purchased un-authorized items. Any monies due will be collected from the offender. The Agency has also found that there have been discrepancies between actual receipts versus what is reported on the Wex Fuel Statement. After further review, we have found that the Wex Fuel Statement was incorrect and we have reported the discrepancy to Wex. Wex has offered to correct the error in reporting. This reporting error is in the communication between the independent fuel station and Wex and can only be corrected after sending to Wex, copies of the fuel receipt. The price of fuel has been verified as "Unleaded Gasoline."

2015-001 Financial Review Process (Deficiency In Internal Control)

CONDITION: During our audit testwork over various areas identified below, we noted oversights during the Department's review process:

- We noted the MVD fee distribution calculation was not adequately reviewed results in Tijeras fee agents receiving an additional \$1 per transaction per inaccurate application of NMSA 66-6-23 A(1) (b).
- We noted 1 out of 71 disbursements selected for our review of subsequent cash disbursements was improperly included in fiscal year 2015 as an expense and accounts payable.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2015-001 Financial Review Process (Deficiency In Internal Control) (Continued)

- Our review of stand-alone bank accounts, identified an overstatement of the cash balance recorded in the SHARE which resulted from a journal entry that was recorded to the incorrect account in June 2015.
- Several iterations of the capital asset roll forward were provided to us for test work based on anomalies we identified. Net capital assets from the first schedule provided to the final iterations changed by approximately \$547,000.

CRITERIA: NMAC 2.20.5.8 requires agencies to ensure that all reporting of the financial information to be timely, complete and accurate.

EFFECT: Distributions to fee agents were misstated. Additionally, balances could be misstated during the year, if anomalies are not identified in a more timely manner.

CAUSE: The Department has a large volume of data to review and these were some oversights during the fiscal year. Additionally, the Department experienced some personnel changes during the audit time period that impacted the overall schedule preparation and review process.

RECOMMENDATION: We recommend the Department evaluate their review process to modify for the current staffing.

MANAGEMENT'S RESPONSE

- The Department identified the extra \$1 distribution problem in the design and development phase of the Tapestry Project (new automated MVD transaction/distribution system) and made the necessary changes to the distribution calculation. Corrective action was completed on May 23, 2015 when Phase I of the Tapestry Project was moved into production.
- The Department made the decision to record the expenditure and related liability to avoid interruption in IT services that are critical to the operations of the Department. The invoice was received during the year end closing period and after further review was an FY16 Charge. Year-end accounts payable are carefully reviewed by the Accounts Payable Manager and Chief Procurement Officer (CPO) of the Department to ensure compliance with DFA year-end closing and deadlines. The agency CPO

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2015-001 Financial Review Process (Deficiency In Internal Control) (Continued)

and Accounts Payable Manager will insure that all invoices are reviewed carefully and expensed in the correct period.

- In preparing the Department's trial balances, the difference between the stand-alone bank reconciliation and general ledger was identified and corrected by the Department through a client prepared adjusting journal entry and posted to SHARE for the fiscal year ending June 30, 2015. With the implementation of the Tapestry Project, the majority of stand-alone bank accounts were phased out by September 2015 as a result of the Department implementing desktop deposit scanners at these MVD field offices. The desktop deposit scanners directly interface with to the State of New Mexico's fiscal agent bank account, no longer requiring the Department to sweep these stand-alone on a bi-monthly basis.
- The Department implemented the asset module in SHARE on October 1, 2013. Transactions recorded in the asset module were not properly posting to the general ledger requiring the Department to work with the Department of Information and Technology (DoIT). Capital asset additions recorded in the asset module for the fiscal year ending June 30, 2014 did not recorded to the general ledger until June 30, 2015. The presentation of these adjustments changed several times based on recommendations from the Department and the external auditors. As of June 30, 2015, the Department and DoIT corrected the posting issues between the asset module and the general ledger.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

C. FEDERAL AWARD FINDINGS

2015-002 (Original Finding Number 2014-005) Allowability – Time and Effort Payroll Certification (Deficiency and Non-Compliance with Federal Program) Repeated and Modified

Federal Program: CFDA # 15.427 Audits of Oil and Gas Leases

Federal Agency: US Department of Interior

Federal Award Number/Year: D12AC00006/2015

Questioned Costs: Zero

CONDITION

During our testwork over payroll transactions related to this federal program, we noted 1 out of 40 employees tested did not have a completed time and effort certification.

Management's Progress for Repeat Finding 2014-005: The Administrative Services Division (ASD) Financial Services Bureau (FSB) reviewed the time and effort certification requirement per OMB A-87 with the Division Grant Program Manager. A certification process was developed and the Program Manager completed certifications for the period of January 1, 2014 through June 30, 2014 and provided them to ASD FSB on August 19, 2014. Future certifications will be completed in December and June of each fiscal year. The ASD FSB Grant Coordinator will provide reminders to the Division and will follow-up to ensure the certifications are received timely.

CRITERIA

In accordance with OMB A-87, Cost Principals for State and Local Entities, employees that work on a grant 100% of the time must submit semi annual certifications stating this fact.

EFFECT

Non compliance with OMB A-87 Cost Principals.

CAUSE

The employee selected left the Department during the first week of July 2014, so he only worked on the grant for a couple days. He was no longer employed or available to sign the semiannual certification when it was due.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

C. FEDERAL AWARD FINDINGS (CONTINUED)

2015-002 (Original Finding Number 2014-005) Allowability – Time and Effort Payroll Certification (Deficiency and Non-Compliance with Federal Program) Repeated and Modified (Continued)

RECOMMENDATION

We recommend the Department remind program managers responsible for administering federal funds of the Cost Principals and Compliance Requirements for their respective federal grants.

MANAGEMENT'S RESPONSE

The Administrative Services Division (ASD) Financial Services Bureau (FSB) reviewed the time and effort certification requirement per OMB A-87 with the Division Grant Program Manager. A certification process was developed and the Program Manager completed certifications for the period of January 1, 2014 through June 30, 2014 and provided them to ASD FSB on August 19, 2014. Future certifications will be completed in December and June of each fiscal year. The ASD FSB Grant Coordinator will provide reminders to the Division and will follow-up to ensure the certifications are received timely. For FY16 going forward the ONRR Project Manager has added to the exit process, a requirement that employees sign all certifications applicable.

2015-003 Procurement – Suspension and Debarment (Deficiency and Non-Compliance with Federal Program)

Federal Program: CFDA # 20.232- CDL Project and Administration
Federal Agency: US Department of Transportation
Federal Award Number/Year: FM-CDL-0160-14-01-00/2014-2016
Questioned Costs: Zero

CONDITION

During procurement testwork, the contract we selected did not have documentation that a check was performed to ensure the contractor was not on the suspension or debarment list.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

C. FEDERAL AWARD FINDINGS (CONTINUED)

2015-003 Procurement – Suspension and Debarment (Deficiency and Non-Compliance with Federal Program) (Continued)

CRITERIA

In accordance with OMB circular A-102, for all contracts over \$25,000, the Department should verify that a review of the System for Award Management (Excluded Parties List System) was performed to ensure their contractor is not suspended or debarred.

EFFECT

The Department is not in compliance with this federal regulation.

CAUSE

Lack of policies and procedures identifying this process. Additionally, the contract selected was not initially intended to be funded with federal monies.

RECOMMENDATION

We recommend the Department modify their current procurement policies to ensure a check is performed on all potential contractors.

MANAGEMENT'S RESPONSE

The Department has assigned the Chief Procurement Officer the responsibility to verify suspension and debarment requirements for all future contracts. As of November 2015, the Department has verified compliance with the Uniform Grant Guidelines (UGG) over federal programs. Currently the Department has no contracts in place utilizing federal funds.

**STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT
EXIT CONFERENCE
JUNE 30, 2015**

An exit conference was held with the State of New Mexico Taxation and Revenue Department (Department) on November 30, 2015. The conference was held at the Joseph M. Montoya Building in Santa Fe, New Mexico. In attendance were.

FOR THE DEPARTMENT:

John Monforte, Deputy Secretary
Adolfo Montoya, ASD Deputy Director
Jo Ann Chavez, Financial Distributions Bureau Chief
Raja Sambandam, Chief Security Officer

FOR CLIFTONLARSONALLEN, LLP:

Georgie L. Ortiz, CPA, CGFM, Managing Principal
Laura Beltran-Schmitz, CPA, CFE, CGFM, CICA, Engagement Director
Victor Kraft, CPA, Senior Associate