

**TAXATION**   
**REVENUE**  
N E W M E X I C O

**FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT  
AUDITORS**

**JUNE 30, 2016**

**TABLE OF CONTENTS**

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

**OFFICIAL ROSTER** ..... 1

**INDEPENDENT AUDITORS' REPORT** .....2

**MANAGEMENT'S DISCUSSION AND ANALYSIS** .....5

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position .....29

Statement of Activities .....30

**FUND FINANCIAL STATEMENTS**

Balance Sheet - Governmental Funds.....32

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position .....33

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds.....34

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities .....35

Statement of Revenues and Expenditures – Budget and Actual  
– Operating Fund 17200 .....36

**TABLE OF CONTENTS**

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

**BASIC FINANCIAL STATEMENTS (CONTINUED)**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

Statement of Revenues and Expenditures – Budget and Actual – Weight Distance Tax Permit Fee Fund 99400.....	43
Statement of Revenues and Expenditures – Budget and Actual – Drive MVD Fund 79800.....	45
Statement of Revenues and Expenditures – Budget and Actual – Native American Fund 10690.....	48
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Revenues and Expenditures – Budget and Actual .....	49
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund Type – Agency Funds .....	50
Notes to the Financial Statements.....	51

# TABLE OF CONTENTS

## STATE OF NEW MEXICO TAXATION AND REVENUE DEPARTMENT

### SUPPLEMENTARY INFORMATION

Non-Major Funds.....	81
Combining Balance Sheet - Non-Major Governmental Funds.....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds.....	83
Statement of Revenues and Expenditures – Budget and Actual – STB Capital Outlay Fund 89200 .....	84
Fiduciary Fund Types .....	85
Combining Statement of Fiduciary Assets and Liabilities – Fiduciary Fund Type – Agency Funds.....	88

### OTHER SUPPLEMENTARY INFORMATION – Schedules Required Under 2.2.2 NMAC

Schedule of General Fund Components - Balance Sheet – General Funds .....	90
Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance – General Funds .....	91
Schedule of Special Appropriations .....	92
Schedule of Fiduciary Fund Inter-Agency Transfers .....	93
Schedule of Changes in Fiduciary Assets and Liabilities .....	95

# TABLE OF CONTENTS

## STATE OF NEW MEXICO TAXATION AND REVENUE DEPARTMENT

### **OTHER SUPPLEMENTARY INFORMATION – Schedules Required Under 2.2.2 NMAC (CONTINUED)**

Schedule of Cash Balances .....	96
Schedule of Joint Powers Agreements and Memorandums of Understanding .....	98
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT) - Unaudited .....	109

### **SINGLE AUDIT**

Schedule of Expenditures of Federal Awards .....	111
Notes to Schedule of Expenditures of Federal Awards .....	112
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	113
Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, And Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	115
Summary Schedule of Prior Audit Findings .....	117
Schedule of Findings and Questioned Costs .....	118
Exit Conference .....	128

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

**Official Roster**

**Year Ended June 30, 2016**

<u>Name</u>	<u>Title</u>
Demesia Padilla, CPA	Cabinet Secretary
John Monforte	Deputy Secretary
Division Directors:	
Adolfo Montoya	Administrative Services Division
Mike Baca	Information Technology Division
Ron Scott	Audit and Compliance Division
JoAnn Zuniga	Revenue Processing Division
Michael O'Melia	Property Tax Division
William Duran	Motor Vehicle Division
Lilia Ruiz	Tax Fraud Investigations Division



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general 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, 2016, 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, 2016, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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

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, the general fund, the aggregate remaining fund information of the Department, as of June 30, 2016, 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 fund and fiduciary fund of the Department as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for all nonmajor funds for the year ending in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the financial statements, the Statement of Net Position include a prior period restatement of \$1,790,327. This amount is a restatement to increase Software/IT Equipment as of June 30, 2015. The restatement was caused by not capitalizing personal services and employee benefits incurred during the application development stage of internally generated software that was placed into service June 25, 2015. Our opinion is not modified with respect to this 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, 2016, 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 27 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.



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

*Other Information*

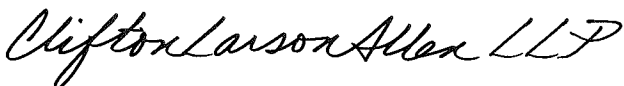
Our audit was conducted for the purpose of forming opinions on the Department's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other schedules required by Section 2.2.2 NMAC as identified in the table of contents, are also presented for purposes of additional analysis and is 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 2.2.2.1 O(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 *Government Auditing Standards*, we have also issued our report dated November 28, 2016 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 control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 28, 2016

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

The New Mexico Taxation & 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 \$71,003,540 (net position). \$34,279,068 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 \$8,091,816 during FY16. 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 \$87,281,061. The Department administers and enforces New Mexico's taxation and revenue laws and motor vehicle code.

**Department Accomplishments**

**FY 2016 TRD Collections and Distributions**

**Net Collections:** TRD collected a total of \$7.4 billion in FY16. Combined reporting system taxes (gross receipts, withholding and compensating taxes) were the single largest category of collections at \$4.7 billion, or 63%, of total collections. Income taxes were next at \$886 million, or 12%. Mineral extraction taxes were at \$642 million, or 9%. Motor vehicle taxes and fees were \$381 million, or 5%, and other state funds were \$796 million, or 11%.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**Net Distributions:** TRD distributed a total of \$7.8 billion in FY16. Of those distributions; \$3.9 billion, or 50%, was distributed to the State General Fund, \$1.7 billion, or 22%, was distributed to local governments, \$346 million, or 4%, was distributed to the New Mexico Department of Transportation, and \$1.8 billion, or 24%, was distributed to other state funds.

Revenue Enhancement Efforts

The Department continued its tax compliance efforts in fiscal year 2016 (FY16). The total FY16 compliance effort was \$267.4 million, including \$238.5 million in collections. This represents a \$30 million decrease from FY15 resulting from a change in the interpretation of statutes related to credit denials. Credit denials decreased from \$41.4 million in FY15 to \$8.7 million in FY16.

The discovery data warehouse identified 7,415 noncompliant taxpayers through audit and IRS matching programs of income sources for delinquent taxpayers totaling \$28 million in FY16. The Questionable Refund Unit reviewed over 79,000 returns in FY16 and denied over \$9 million in fraudulent refunds from being paid.

Compliance Enforcement Program

The Tax Fraud Investigations Division (TFID) referred a total of seven (7) criminal cases to district attorneys in five (5) different New Mexico judicial districts with criminal prosecution recommendations during the fiscal year 2016 (FY16). Four of the cases were located 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 compliance in these areas of the state. The division's 88% rate of referrals far exceeded the established target.

The investigations were comprised of two (2) embezzlement cases in which the individuals did not report their income, two (2) that worked jointly with the New Mexico Regulations and Licensing Division that also involved underreported income, two (2) tax return preparers who prepared fraudulent returns to obtain refunds and one (1) non-filer that worked jointly with the U.S. Drug Enforcement Agency. Over half of these completed investigations (57%) are attributable to one highly productive employee who was promoted to a supervisory position early in the fiscal year.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

TFID provided a vital service to state and federal agencies during FY16 by offering the final Financial Investigations Techniques course (FITC) on two separate occasions. This 30-hour seminar was attended by close to 100 state, local and federal law enforcement personnel, white-collar crime investigators, auditors and attorneys. The curriculum included information about conducting effective and thorough financial investigations and highlighted the efforts of TFID and how the division can partner with other agencies on investigations that have a tax nexus. Unfortunately, the numerous resources involved will prevent further efforts by TFID to present this course in the future.

TFID is nearing its implementation of the law enforcement authority in the Tax Fraud Investigations Bureau (TFIB). The Deputy Director attained certification as a New Mexico Law Enforcement Officer (LEO) and hired another law enforcement supervisor. She also worked with the State Personnel Office to obtain a new reclassification for the TFIB positions that are now titled "Special Agent" and will require those hired into these positions to be LEOs. The division will operate more efficiently in that the TFIB will no longer need to rely on other state law LEOs to achieve certain aspects of its criminal investigations.

The Internal Investigations Bureau (IIB) experienced a 264% increase in investigations involving employee misconduct and other violations against MVD in FY16. The bureau exceeded its goal by completing 93% these investigations within the sixty-day timeframe. The prior Director and one of the IIB investigators were instrumental with working jointly with MVD and providing information related to driver's license fraud during the 2016 Legislative hearings that resulted in the successful enactment of the Real ID Act.

Internal Audit

Internal Audit achieved many of its goals during its second 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. The second annual TRD-wide corporate culture assessment was conducted, and the divisions received a report including a comparison to the previous year's results.

During Fiscal Year 2016, Internal Audit completed twenty-four (24) audits, as shown in the table below. Internal Audit's monitoring process has resulted in 113 of 122 (92.62%) implementation of findings due for FY 2016.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

<b>Internal Audits and Special Projects Completed During FY 2016</b>	
<b>Division/Department</b>	<b>Audits</b>
ACD	5
ASD	1
MVD	14
PTD	4
<b>Total</b>	<b>24</b>

Infrastructure/Networking

**The Information Technology Division of TRD** accomplished the following enhancement initiatives in FY16:

**MVD IT Bureau:**

**Team Accomplishments**

- Tapestry 2 rollout that included both Drivers and Vehicles
- Vehicle Data purification of millions of records and data anomalies for Tapestry Conversion
- Tapestry Driver Services Production Support
- Tapestry 2 rollout Vehicle services
- Maintenance of legacy mainframe and MVD 2.0 vehicle applications and support
- Online replacement plates
- Facial Recognition System (FRS) upgrades
- Legislative changes
  - New license plates
    - Amigos
    - Collegiate CNM
    - NM Junior College
    - Public Regulation Commission
    - Autism Awareness
  - HB99 – Driver’s License Issuance & Federal Real ID (Nov/2016)

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**The GenTax Bureau:**

Applied two major software updates, Service Pack 8 and Service Pack 9 to GenTax, which serves the tax system of record for the State of New Mexico. Both service packs added new functionality and enhancements to GenTax and Taxpayer Access Point (TAP), the online tax filing system for New Mexico. These updates allow the GenTax Bureau to better facilitate the implementation of legislative changes as well as other necessary modification to GenTax and TAP. They have ensured that GenTax is on the most current version of the software and that TRD continues to collect and manage revenue streams fluctuating between \$6.0 and \$6.6 billion annually.

The GenTax Bureau has also upgraded TAP to include Nontaxable Transaction Certificates (NTTCs). This upgrade put all online tax transactions in one easy-to-access place and created an integrated, stable and secure environment for e-filing NTTCs. It has also moved the electronic request and execution of NTTCs from an eight-year-old legacy standalone e-file platform to TAP. The benefits of this upgrade include:

- NTTCs are executed immediately
- Taxpayers can request and execute NTTCs 24 hours a day, 7 days a week
- Taxpayers can print NTTCs on their local printers
- TAP maintains a log of all issued and executed NTTCs

Additionally, the GenTax Bureau completed the transition of scheduled payments from the legacy standalone e-file platform to TAP. The implementation of this project preserved a revenue stream of ~ 32,000 payments for ~ \$1.7 million annually.

The GenTax Bureau has also implemented an additional security feature in TAP to include a two-part authentication process. The two-part authentication is an extra layer of security that requires not only a username and password but an additional access code to verify the identity of the user that is accessed by email or text message. This second step ensures that no one can access a TAP account if the password alone is compromised.

**The Data Warehouse Bureau:**

Supported a number of existing revenue generating initiatives using the Data Warehouse's capabilities which included the creation of over 27,000 cases that generated \$196 million in assessments and 84,000 leads that denied over \$9 million in questionable refunds. New initiatives also completed in FY16 include the following:

- **SaaS Visual Analytics-** worked with Infrastructure team to install and deploy the SaaS VA server for Economists, Data Analytics and Tax Fraud users.  
**Auto File Transfer-**Automated 9 data loads that would have gone through full validation processes. Data is now available the next day in the warehouse and has limited the amount of redundant non-value added tasks performed by ITD and ACD.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

- **Refund Case Project**-Implemented a case management tool to track refund requests for all tax programs submitted to RPD. The case manager was integrated to the refund manager to improve tax examiner efficiency.
- **Fraud Manager**-Implemented income and identity confidence scores and populations of Fraud identification that the QRU Discovery is not able to identify holistically.
- **Schedule C Client/Account Creation**-Automated all limited scope tasks to assist auditors in more efficient and higher volume assessments. ACD reached an all-time high of 196 million assessed, largely due to this implementation.
- **Weight-Distance V3**-Changed the Discovery to match on USDOT and to reduce miles paid at the port. The discovery is also now multiyear to improve customer service; taxpayers only receive one letter.
- **LIEN Discovery**-Implemented the notice of intent to lien letter for collections that were unpaid. The population was divided by dollar and time of the collection to reduce the older debt first.
- **Combined Fuel Tax V1 Discovery**-Implemented a discovery to identify non-compliant transactions for Combined Fuel Tax for rack to distributions bill of lading transactions.
- **Managed Audit Offer**- Implemented a process to send a managed audit offer to potential audit populations in an effort to increase self-compliance.
- **Field Audit Flow**-Implemented a new process flow that automates the taxpayer bill of rights and statute of limitations requirements and automates transactions between case and audit managers. All other transactions were also automated to improve auditor efficiency and tracking of audits.

**The Infrastructure Bureau:**

**Desktop Support:**

Deployed MS Office O365 to all MVD field offices

Resolved 2,634 Service Tickets

Re-opened Roy MVD field office

The Tapestry Environment Builds

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

**MVD Mobile Unit**

- Procured, installed and configured computer equipment and peripherals
- Opened a new MVD office in Anthony N.M.
- Procured, configured and Installed 9 new computers, with 25 peripheral devices

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**Network Unit:**

- Met with ANM to design, develop, ordering, and purchase for upgrade architecture of core network switches to replace EOL switches that were part of an IRS critical finding.
- Planned for VPN migration of users to RSA 2-factor authentication, by validating all VPN users and procuring license and software costs for each division.
- Rolled out 802.1x computer authentication to Santa Fe campus as well as all MVD field offices, in an effort to help secure network switch ports.
- Planned and configured the VLAN ACL's to help segregate network traffic.
- Implemented the Cisco SourceFire IPS, File Monitoring, & AMP networking services.

**Server/Database**

- Created a dynamic local admin policy for desktops and servers to provide a more secure environment devoid of static local users.
- Purchased and installed an all flash data array to migrate tax systems to larger more performant storage backend.
- Built out the complete server, AD and database environment for Morpho Trust (HB99).
- Purchased and installed a hyper converged virtual host environment allowing for greater performance, storage and backup capabilities. This also allowed us to decommission 5 HP chassis.
- Built out server, database, web and file transfer environment for RPD Mavro system (Check 21 deposits).
- Built out a completely new DMS (MVD imaging) environment to include application, web and database servers for multiple environments.
- Service packs for the Gentax environment.
- Began migrating all Oracle data to SQL Server.
- Supported the Tapestry Vehicle Services rollout.
- Assisted with MVD mobile unit launch.
- Rolled out Office 365.
- Built out server, database, web and file transfer environment for MVDs Tangent system (Check 21 deposits).
- Began Data Center space consolidation that can help save ~\$100K annually.
- Rolled out a new on board/off board process in Service Pro.
- Rolled out a new SHARE security process in Service Pro.



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

Delinquent Property Accounts

The Property Tax Division (PTD), Delinquent Property Tax Bureau is responsible for the collection of real property taxes that have been delinquent for more than two years. During FY16 the Bureau resolved a total of 10,520 delinquent property accounts, either by field collections or through property tax sales. FY16 collections produced \$4,664,270 in penalty and interest, \$1,000,262 in State Cost aggregating \$5,669,914 that includes \$79,178 in combined P&I, state costs and contract fees attributable to installment agreements. These are the combined funding sources for the Property Tax Division. There is no funding from the General fund.

Field collections resolved 9,177 accounts or 87.2% of the total resolved delinquent property accounts. The amount of penalty and interest collected through field collections was \$4,188,335 or 89.9% of the total penalty and interest collected. Field collections netted \$916,272 in State Cost or 91.6% 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 \$73,447. State costs from installment agreements totaled \$4,330. Additional interest on installment agreements were \$3,981 and contract fees were \$1,400 on installment agreements in FY16.

Accounts that are not resolved through field collections or installment agreements are scheduled for sale. There were 32 property tax sales conducted in FY16. Overall, we achieved our statutory goal of having a sale in each county requiring a sale and had one county where resolution of outstanding delinquencies made a sale unnecessary. The number of accounts listed for sale in all counties was 2,011. Actual accounts sold were 580 and accounts listed for sale but resolved prior to the actual sale were 763. 668 accounts did not receive bids. Property Tax sales resolved 1,343 accounts or 12.8% of the total resolved delinquent property accounts. The amount of penalty and interest collected through sales was \$402,488 or 7.1% of the total penalty and interest collected. Sale collections produced \$79,658 in state costs, or, 8.0% of the total state costs collected.

PTD surpassed its performance target of returning \$11,000,000 in base taxes to New Mexico's counties by almost 15%. PTD returned \$12,640,914 in previously uncollected property taxes. Of that base tax total, field collections generated \$11,431,527 (90.5%). Delinquent property tax sales accounted for \$884,405 (7.0%) in base taxes. Installment agreements contributed \$324,764 (2.6%) of delinquent base taxes to New Mexico's counties.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

We intend to hold one in each of New Mexico's 33 Counties in FY17 as well as multiple sales in individual counties as needed. In the fiscal years 2014 and 2015 the Property Tax Division has employed bulk sales and concentrated on selling properties that were in their tenth year of delinquency. Because delinquencies aged more than ten years are statutorily uncollectable. It seemed logical to prevent unrecoverable losses in property tax revenue. Similarly, the possibility of bulk sales of low value accounts was an attempt to generate economies of scale and allow potential purchasers to purchase adjoining properties and assemble more useable tracts of vacant land to develop or graze.

Neither strategy met our expectations. The market didn't respond to bulk sales of lots. The strategy of prioritizing tenth 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. In FY16 our results improved because PTD followed its traditional path of committing to low demand areas strategically when the market exhibited opportunities. We list properties for sale on what we perceive as the fringes of demand and expand our sales accordingly.

The Delinquent Property Tax Bureau prepared the information necessary to implement the LFC FY18 performance measure which called for a calculation of percentage of delinquent taxes resolved by the PTD every year. Total delinquent base taxes state wide is approximately \$52.1 million on the 2012 list, which is the list subject to collection beginning January 1, 2016 and ending December 31, 2016. The delinquent totals in the five counties comprising the state's largest nine failed subdivisions totaled 83,000 accounts, or, 74% of the 112,000 delinquent accounts in the New Mexico. These delinquencies account for \$2.5 million in base taxes averaging \$30 per account, which equates to about 5% of \$52 million total statewide. It's important to note that the 74% total doesn't include smaller failed subdivisions, just the largest nine.

PTD put a certified mailing system in place this fiscal year and it added great efficiencies to our process. The largest potential improvement in delinquent collections, however, is the ongoing Property Tax Division Modernization Program. We completed analyses of our needs, time line planning and appropriation work. We are now the procurement stage of the project. The modernization system will incorporate Geospatial Information to map and market delinquent properties for sale. This will be accompanied by a Case Management System allowing us to work more accounts and eliminate inefficiencies in the process.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

Electronically Filed Tax Returns

The Revenue Processing Division (RPD) received approximately 1,069,889 Personal Income Tax (PIT) returns and 1,258,742 Combined Reporting System (CRS) returns that were filed electronically. These returns amount to 84% of all incoming PIT returns and 88% of all CRS returns received by the Department.

In addition, RPD received 64,268 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 of record 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.

Motor Vehicle

MVD has had success in initiating a transformation of service deliverables to become a flagship example of good government by driving MVDs Mission, Vision, and Core Values--every customer, every transaction, every time. These initiatives are strategically designed to dramatically improve customer outcomes throughout the agency. MVD's extensive attitude towards the voice of the customer, it's systematic performance improvement and business planning systems, its deep ties to other state motor vehicle bureaus, combined with the intentions expressed in MVD's mission and vision statements, have been effective in driving innovation and continuous improvement. These improvements include, but are not limited to, the following:

- MVD launched Tapestry, a \$40 million project to replace our motor vehicle IT system. As of FY16 the project was on time, on budget and listed in GREEN by the Independent Verification and Validation (IV&V) team. The driver's license portion of the project launched in May of 2015 and has been a true success. The vehicle portion of the project will launch in September 2016 (SFY17). The project is expected to finish well under projected budget.
- MVD field office wait time has been well below the target level of 20 minutes. The average field office statewide wait time for FY16 was 13 minutes 19 seconds, which is a 1 minute and 55 second decrease from the previous year.
- MVD call center wait times have also been well below the target level of six minutes. The average call center wait time in FY16 was 5 minutes 50 seconds.
- MVD implemented the online citation payments and the online driver's license renewal using a new website ([www.mvdonline.com](http://www.mvdonline.com)) in FY14. Online transactions continued to grow well into double digit rates through FY16.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

- MVD launched the country's first motor vehicle customer satisfaction capture and tracking system in high volume field offices at the beginning of FY14. With 1.4 million data points, more than 98 percent of customers in field offices rate MVD service as "good" or "excellent." In FY16 MVD has continued to maintain a 98.4 percent "good" or "excellent" service rating.
- MVD streamlined the process for the suspension of vehicle registration for non-evidence of vehicle insurance from 75 days to 30 days.
- MVD has purchased all equipment for a green-screen video production studio, where weekly director updates (and updates from senior leaders) will be filmed and sent to staff. MVD staff from all departments will participate in these productions, insuring a high level of engagement. Involving exotic backdrops, costumes, and humor, this will allow for engaging, focused, and rapid delivery of timely, current information. This green-screen studio gives MVD a high-quality; cost-efficient, value-added production capability to all operating groups; since all filming will be done in-house, operational effectiveness is maximized. In context of the overall work system of MVD, Studio MVD will:
  - cultivate collaboration in the ranks of leadership in communication
  - address a viable need for customer segments. (All partners will have access to the videos).
  - develop the continuity of knowledge management
  - creatively engage the workforce
  - address operational issues and create efficiencies produce measurable results, whether in employee engagement or operational improvements, or both
- In FY16, MVD won its fifth consecutive Quality New Mexico Performance Excellence Award and a third consecutive Roadrunner.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**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. The fund financial statements are similar to the financial statements presented in the previous accounting model. 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, 2016**

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, 2016**

**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 as Required Supplementary Information (RSI).

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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016

**Financial Analysis of the Department as a Whole**

**Net Position:** Total Department's net position for fiscal year ended June 30, 2016 is \$71,003,540. 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 \$30,359,542 at the end of the fiscal year. Restricted net position includes \$421,537 legally committed for loans to other counties and \$29,938,005 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**

	2016	2015
Assets		
Current and other assets	\$ 50,124,831	45,765,999
Capital assets	<u>34,279,068</u>	<u>28,896,798</u>
<b>Total assets</b>	<b><u>84,403,899</u></b>	<b>74,662,797</b>
Liabilities		
Current liabilities	<u>13,400,359</u>	13,541,400
<b>Total liabilities</b>	<b><u>13,400,359</u></b>	<b>13,541,400</b>
Net Position		
Net investment in capital assets	34,279,068	28,896,798
Restricted	30,363,548	24,840,172
Unrestricted (deficit)	<u>6,360,924</u>	<u>7,384,427</u>
<b>Total net position</b>	<b><u>\$ 71,003,540</u></b>	<b><u>61,121,397</u></b>



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**Governmental Activities:** The table below summarizes the Department's activities for the fiscal years ended June 30, 2016 and 2015. Total change in net position from the previous fiscal year was \$8,091,816, including restatement of \$1,790,327 detailed in note 19.

**The Department's Governmental Activities**

	2016	2015
Program expenses	\$ (89,006,983)	(90,160,478)
Program revenue	<u>1,725,922</u>	<u>1,751,817</u>
<b>Net program (expense) revenue</b>	<b><u>(87,281,061)</u></b>	<b><u>(88,408,661)</u></b>
General revenues	99,081,647	100,274,956
Transfers and reversions	<u>(3,708,771)</u>	<u>(3,332,017)</u>
<b>Net general revenues, transfers and reversions</b>	<b><u>95,372,876</u></b>	<b><u>96,942,939</u></b>
<b>Change in net position</b>	<b><u>8,091,816</u></b>	<b><u>8,534,278</u></b>
Net position, beginning of year, as previously reported	61,121,397	52,587,119
Restatement to capital assets	<u>1,790,327</u>	<u>-</u>
Net position, beginning of year, as restated	<u>62,911,724</u>	<u>52,587,119</u>
<b>Net position, end of year</b>	<b><u>\$ 71,003,540</u></b>	<b><u>61,121,397</u></b>

Revenues for the governmental activities totaled \$100,807,567 and \$102,026,773 in the fiscal years ended June 30, 2016 and 2015, respectively. The increase is primarily attributable to special appropriations received in FY16 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 \$89,006,983. Personnel services and employee benefits totaled \$54,270,627 or 60% of the program expenses. Other costs of \$15,623,642 or 16% 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, 2016**

**Governmental Funds:** The General Fund of the Department is used to account for the Department's primary operations. Of the total fund balance of \$38,399,653, \$7,783,475 is legally committed for items funded with special appropriations received by the Department. An additional \$29,938,005 is restricted or 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 \$421,535 is legally committed for this purpose.

During FY16, capital asset activity included \$8,590,674 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 \$38,821,190. 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, 2016**

**Operating Fund 17200:** Changes between the original and final budgets were \$4,697,658 for the Operating Fund. The difference between the original operating revenue budget and the final operating revenue budget included \$1,032,270 in federal grants.

Actual revenues collected which are classified as Other State Funds, were \$28,599,162 or \$4,673,062 higher than the Operating Budget Amount. This represents a 16% increase over the budgeted amount primarily due to the Property Tax Program exceeding its target for FY16 in collections of penalty and interest on delinquent property taxes.

Actual Federal grants revenue collected was \$1,725,922 which represents a 32% 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 \$26,400 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 FY16 exceeded the budget by \$1,832,551. As a non-reverting program, fund balances will be assigned for subsequent year expenditures.

**Drive MVD Fund 79800:** There were no changes between the original and final budgets for the Drive MVD Fund. The 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 2016, the Department has invested a total of \$49,440,337 in governmental-type activities in capital assets. This amount represents a net increase (including additions, adjustments and deductions) of \$4,723,276 (10.5%) more than last year of \$44,717,061 in gross capital assets without taking accumulated depreciation into account. Refer to Note 19 regarding a restatement to capital assets.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**The Department's Capital Assets**

	2016	2015
Furniture and fixtures	\$ 582,666	562,878
Software	34,775,511	*36,926,170
Machinery and data processing equipment	6,669,655	8,353,710
Tenant leasehold improvements	542,099	534,799
Vehicles	132,902	132,902
Construction in process	<u>7,016,975</u>	-
	49,440,337	46,510,459
Accumulated depreciation	<u>(15,161,269)</u>	*(15,823,334)
<b>Net total</b>	<b><u>\$ 34,279,068</u></b>	<b><u>30,687,125</u></b>

\*Includes restatement of software and accumulated depreciation of \$1,793,398 and (\$3,071), respectively. See note 19 for details.

The FY16 increase represents capital outlay acquisitions for purchases of data processing equipment and software enhancements to the Department's major computer processing systems. The majority of the increase in construction in process is attributable to Phase 2 of the Tapestry Driver software upgrade for which \$6,507,398 of costs were incurred. 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, 2016**

The Department's operating budget for fiscal year 2017 is \$83,550,900 and includes 1,095.0 full time equivalents (FTE). This represents a 3% decrease from FY16 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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

Key measures and FY16 results are summarized in the table below.

<b>Type of Measure</b>	<b>HB2 Measure</b>	<b>FY15 Target</b>	<b>FY15 Result</b>
	<b>Tax Administration Act</b>		
Output	Percent of electronically filed returns (PIT, CRS)	92%	85.4%
Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	65%	36.4%
Outcome	Collections as a percent of collectables outstanding balances from the end of the prior fiscal year	18%	19.3%
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	10.5:1	10.7:1
Outcome	Percent of baseline and funded delinquent tax collection targets met	100.0%	99.58%
Efficiency	Percent of taxpayer correspondence requests answered in an average of ten working days	100%	100%
	<b>Motor Vehicle Program</b>		
Efficiency	Average call center wait time to reach an agent, in minutes	<5:00	6:07
Outcome	Percent of registered vehicles with liability insurance	92%	92.35%
Efficiency	Average wait time in Q-Matic equipped offices, in minutes	19	13:14
Efficiency	Average number of days to post “court action” driving-while intoxicated citation to driver’s record on receipt	1.0	2.0
Quality	Percent of customers rating customer service as good or higher	85%	98.5%
Efficiency	Web transactions as a percent of total transactions	25%	33.1%

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016

Type of Measure	HB2 Measure	FY15 Target	FY15 Result
	<b>Property Tax Program</b>		
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	80%	94%
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$11.0	\$11.6
	<b>Compliance Enforcement Program</b>		
Outcome	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year	50%	88%
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	98%	98%
Outcome	Percent of internal investigations completed with sixty days	60%	93%
	<b>Program Support</b>		
Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	<0.5%	N/A
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	15	14.5
Outcome	Percent of projects certified by the department of information technology completed within budget	100%	100%
Outcome	Number of tax protest cases resolved	1,300	1,897
Outcome	Percent of matched combine reporting system taxes distributed timely	100%	100%
Output	Percent of internal audit recommendations implemented	90%	93.13%

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2016**

**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, 2016

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Unrestricted cash on hand	\$ 25,203
Interest in the State Treasurer General Fund	
Investment Pool	
Unrestricted	43,410,172
Restricted for loans to counties	425,543
Receivables	
Due from federal government	225,795
Loans to counties, net	-
Other receivables, net	27,618
Due from other funds	5,019,815
Due from other state agencies	337,715
Prepaid expenses	160,067
Inventory of supplies	492,903
Capital assets, net	34,279,068
	<hr/>
<b>Total assets</b>	<b>84,403,899</b>
	<hr/>
<b>LIABILITIES</b>	
Overdraft of Interest in SGFIP	203,785
Accounts payable	6,120,540
Accrued payroll	1,908,136
Due to other state agencies	11,225
Due to State General Fund	3,020,697
Other training liabilities	39,258
Compensated absences	2,096,718
	<hr/>
<b>Total liabilities</b>	<b>13,400,359</b>
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	34,279,068
Restricted for loans to counties	425,543
Restricted for other purposes	29,938,005
Unrestricted	6,360,924
	<hr/>
<b>Total net position</b>	<b>\$ 71,003,540</b>
	<hr/> <hr/>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

	<u>Program Support</u>	<u>Tax Administration Act</u>	<u>Motor Vehicle Program</u>	<u>Property Tax Program</u>	<u>Compliance Enforcement</u>	<u>Governmental Activities</u>
Program Expenses	\$ 32,261,533	30,899,683	20,908,618	3,319,557	1,617,592	89,006,983
<b>Total program expenses</b>	32,261,533	30,899,683	20,908,618	3,319,557	1,617,592	89,006,983
Program Revenues						
Federal operating grants	-	1,543,605	182,317	-	-	1,725,922
<b>Total program revenues</b>	-	1,543,605	182,317	-	-	1,725,922
Net Program Expense	\$ (32,261,533)	(29,356,078)	(20,726,301)	(3,319,557)	(1,617,592)	(87,281,061)
General Revenues						
Other state funds:						
Delinquent Property Tax						
Penalty and Interest						5,566,040
Weight Distance Administrative Fees						3,973,651
MVD Administrative Fees						18,582,199
Other Administrative Fees						8,305,641
<b>Total general revenues</b>						<u>36,427,531</u>
Transfers and Reversions						
State General Fund appropriations						56,385,100
State General Fund special appropriations						5,915,509
Severance tax bond proceeds						353,507
Transfers from other state agencies						610,775
Transfers to other state agencies						(1,265,600)
Reversions to State General Fund - FY16						(3,048,159)
Reversions to State Land Office - FY16						(5,787)
<b>Total transfers and reversions</b>						<u>58,945,345</u>
Net General Revenues, Transfers and Reversions						<u>95,372,876</u>
<b>Change in net position</b>						8,091,816
Net position, beginning of year, as previously reported						61,121,397
Restatement to capital assets						1,790,327
Net position, beginning of year, as restated						<u>62,911,724</u>
<b>Net position, end of year</b>						<u>\$ 71,003,540</u>

See Notes to Financial Statements.

**FUND FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016

	<u>Major Funds</u> <u>General</u>	<u>Other Governmental</u> <u>Funds</u>	<u>Total Governmental</u>
<b>ASSETS</b>			
Interest in the State Treasurer General Fund			
Investment Pool	\$ 43,410,172	425,543	43,835,715
Cash on hand	25,203	-	25,203
Receivables			
Due from federal government	225,795	-	225,795
Loans to counties, net	-	-	-
Other receivables, net	27,618	-	27,618
Due from:			
Other funds	5,019,815	-	5,019,815
Other state agencies	132,378	205,337	337,715
Inventory of supplies	492,903	-	492,903
Prepaid expenses	160,067	-	160,067
<b>Total assets</b>	<b>\$ 49,493,951</b>	<b>630,880</b>	<b>50,124,831</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Overdraft of SGFIP	\$ -	203,785	203,785
Accounts payable	6,114,982	5,558	6,120,540
Accrued payroll	1,908,136	-	1,908,136
Due to other funds	-	-	-
Due to other state agencies	11,225	-	11,225
Due to State General Fund	3,020,697	-	3,020,697
Other liabilities	39,258	-	39,258
<b>Total liabilities</b>	<b>11,094,298</b>	<b>209,343</b>	<b>11,303,641</b>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Inventory of supplies	492,903	-	492,903
Prepaid expenses	160,067	-	160,067
Restricted	19,381,636	425,543	19,807,179
Committed	18,339,844	-	18,339,844
Assigned	25,203	-	25,203
Unassigned	-	(4,006)	(4,006)
<b>Total fund balances</b>	<b>38,399,653</b>	<b>421,537</b>	<b>38,821,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,493,951</b>	<b>630,880</b>	<b>50,124,831</b>

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, 2016

<b>Total Fund Balances - Governmental Funds</b> <b>(Governmental Fund Balance Sheet)</b>	\$ 38,821,190
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	49,440,337
Accumulated depreciation recorded in the Statement of Net Position, but not recorded in the governmental funds	(15,161,269)
	<u>34,279,068</u>
Compensated absences recorded in the Statement of Net Position, but not recorded in the governmental funds	(2,096,718)
<b>Net position of governmental activities (Statement of Net Position)</b>	<u><u>\$ 71,003,540</u></u>

*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, 2016

	<u>Major Funds</u> <u>General</u>	<u>Other Governmental</u> <u>Funds</u>	<u>Total Governmental</u>
Revenues			
Other state funds	\$ 36,426,564	967	36,427,531
Federal funds	1,725,922	-	1,725,922
<b>Total revenues</b>	<b>38,152,486</b>	<b>967</b>	<b>38,153,453</b>
Expenditures			
Current			
Personal services and employee benefits	54,391,275	-	54,391,275
Contractual services	14,006,205	-	14,006,205
Other costs	15,623,642	71,585	15,695,227
Capital outlay	8,304,746	285,928	8,590,674
<b>Total expenditures</b>	<b>92,325,868</b>	<b>357,513</b>	<b>92,683,381</b>
Excess (Deficiency) of Revenues Over Expenditures	(54,173,382)	(356,546)	(54,529,928)
Other Financing Sources (Uses)			
State General Fund appropriations	56,385,100	-	56,385,100
State General Fund special appropriations	5,915,509	-	5,915,509
Severance tax bond proceeds	-	353,507	353,507
Transfers from other state agencies	610,775	-	610,775
Transfers to other state agencies	(1,265,600)	-	(1,265,600)
Other sources	-	-	-
Other transfers	-	-	-
Reversions to State General Fund - FY16	(3,048,159)	-	(3,048,159)
Reversions to State Land Office - FY16	(5,787)	-	(5,787)
<b>Total other financing sources (uses)</b>	<b>58,591,838</b>	<b>353,507</b>	<b>58,945,345</b>
<b>Net changes in fund balances</b>	<b>4,418,456</b>	<b>(3,039)</b>	<b>4,415,417</b>
Fund balances, June 30, 2015	33,981,197	424,576	34,405,773
<b>Fund balances, June 30, 2016</b>	<b>\$ 38,399,653</b>	<b>421,537</b>	<b>38,821,190</b>

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, 2016

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		
(Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$	4,415,417
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital asset additions recorded as expenditures in the governmental funds but capitalized in the Statement of Net Position		8,590,674
Loss on disposal of capital assets not recorded as expenditures in the governmental funds		(29,270)
Depreciation expense recorded in the Statement of Activities but not recorded as expenditures in the governmental funds		(4,969,461)
Net change in compensated absences recorded in the Statement of Activities as a liability but not recorded in the governmental funds		<u>84,456</u>
<b>Change in net position of governmental activities</b>		
(Statement of Activities)	\$	<u><u>8,091,816</u></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, 2016

PROGRAM SUPPORT

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 20,051,700	19,679,500	19,679,500	-
Other state funds	902,100	902,100	959,265	57,165
Other sources	650,700	650,700	610,775	(39,925)
<b>Total revenues</b>	<b>21,604,500</b>	<b>21,232,300</b>	<b>\$ 21,249,540</b>	<b>17,240</b>
Fund Balance Budgeted	-	-		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 21,604,500</b>	<b>21,232,300</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 14,303,000	13,384,500	12,734,914	649,586
Contractual services	3,827,700	3,841,700	3,588,050	253,650
Other	3,473,800	4,006,100	3,966,838 *	39,262
<b>Total expenditures</b>	<b>\$ 21,604,500</b>	<b>21,232,300</b>	<b>20,289,802</b>	<b>942,498</b>

\* As noted in Note 6, \$230,106 of personal services/employee benefits were reclassified as capital outlay.

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, 2016

TAX ADMINISTRATION ACT \*

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
	Revenues				
State General Fund Appropriations	\$ 22,521,400	22,521,400	22,521,400	-	
Other state funds	6,375,100	6,465,100	7,339,901	874,801	
Federal funds	1,502,800	1,631,456	1,543,605	(87,851)	
Other sources	-	-	-	-	
<b>Total revenues</b>	<b>30,399,300</b>	<b>30,617,956</b>	<b>\$ 31,404,906</b>	<b>786,950</b>	
Fund Balance Budgeted	-	-			
<b>Total revenues and fund balance budgeted</b>	<b>\$ 30,399,300</b>	<b>30,617,956</b>			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ 24,227,200	24,297,103	23,948,248	348,855	
Contractual services	213,100	237,100	163,011	74,089	
Other	5,959,000	6,083,753	5,797,601	286,152	
<b>Total expenditures</b>	<b>\$ 30,399,300</b>	<b>30,617,956</b>	<b>29,908,860</b>	<b>709,096</b>	

\* 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, 2016

MOTOR VEHICLE PROGRAM \*

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
State General Fund Appropriations	\$ 12,648,900	12,648,900	12,648,900	-
Other state funds	12,843,400	12,843,400	14,613,043	1,769,643
Federal funds	-	903,614	182,317	(721,297)
Other sources	-	-	-	-
<b>Total revenues</b>	<b>25,492,300</b>	<b>26,395,914</b>	<b>\$ 27,444,260</b>	<b>1,048,346</b>
Fund balance budgeted	-	680,000		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 25,492,300</b>	<b>27,075,914</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 15,327,500	15,594,614	12,610,307	2,984,307
Contractual services	4,467,900	5,114,940	4,394,115	720,825
Other	5,696,900	6,366,360	7,883,092 **	(1,516,732)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 25,492,300</b>	<b>27,075,914</b>	<b>24,887,514</b>	<b>2,188,400</b>

\* Less Funds 99400 and 79800

\*\* As noted in Note 6, \$1,948,403 of personal services/employee benefits were reclassified as capital outlay.

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, 2016

	PROPERTY TAX PROGRAM			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ -	-	-	-
Other state funds	3,452,000	3,452,000	5,566,046	2,114,046
<b>Total revenues</b>	<b>3,452,000</b>	<b>3,452,000</b>	<b>\$ 5,566,046</b>	<b>2,114,046</b>
Fund balance budgeted	-	65,000		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 3,452,000</b>	<b>3,517,000</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 2,416,100	2,481,100	2,473,753	7,347
Contractual services	378,200	378,200	262,906	115,294
Other	657,700	657,700	586,749	70,951
<b>Total expenditures</b>	<b>\$ 3,452,000</b>	<b>3,517,000</b>	<b>3,323,407</b>	<b>193,593</b>

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, 2016

	COMPLIANCE ENFORCEMENT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 1,502,800	1,502,800	1,535,300	32,500
Other state funds	263,500	263,500	120,907	(142,593)
Other sources	-	-	-	-
<b>Total revenues</b>	<b>1,766,300</b>	<b>1,766,300</b>	<b>\$ 1,656,207</b>	<b>(110,093)</b>
Fund balance budgeted	-	-		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 1,766,300</b>	<b>1,766,300</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 1,472,200	1,472,200	1,346,691	125,509
Contractual services	24,700	24,700	8,339	16,361
Other	269,400	269,400	259,067	10,333
	<b>\$ 1,766,300</b>	<b>1,766,300</b>	<b>1,614,097</b>	<b>152,203</b>

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, 2016

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	\$ -	-	-	-
<b>Total revenues</b>	-	-	\$ -	-
Fund balance budgeted	-	-		
	\$ -	-		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>Total expenditures</b>	\$ -	-	-	-

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	-	744,009	744,009	-
<b>Total revenues</b>	-	744,009	\$ 744,009	-
Fund balance budgeted	-	2,458,579		
	\$ -	3,202,588		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	162,000	120,649	41,351
Contractual services	-	2,986,959	2,828,902	158,057
Other	-	53,629	235,676 *	(182,047)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	\$ -	3,202,588	3,185,228	17,360

\* As noted in Note 6, expenditures from personal services/employee benefits have been reclassified to capital outlay for financial statement purposes.

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, 2016

	TOTAL OPERATING FUND			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State General Fund Appropriations	\$ 56,724,800	56,352,600	56,385,100	32,500
Other state funds	23,836,100	23,926,100	28,599,162	4,673,062
Federal funds	1,502,800	2,535,070	1,725,922	(809,148)
Other sources	650,700	1,394,709	1,354,784	(39,925)
<b>Total revenues</b>	<b>82,714,400</b>	<b>84,208,479</b>	<b>\$ 88,064,968</b>	<b>3,856,489</b>
Fund balance budgeted	-	3,203,579		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 82,714,400</b>	<b>87,412,058</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 57,746,000	57,391,517	53,234,561	4,156,956
Contractual services	8,911,600	12,583,599	11,245,322	1,338,276
Other	16,056,800	17,436,942	18,729,023	* (1,292,081)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 82,714,400</b>	<b>87,412,058</b>	<b>83,208,906</b>	<b>4,203,151</b>

\* As noted in Note 6, \$2,178,509 of personal services/employee benefits were recalssified as capital oulay.

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, 2016

TAX ADMINISTRATION ACT

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts		
	Original	Final			
Revenues					
Other state funds	\$ 906,800	906,800	674,213		(232,587)
<b>Total revenues</b>	<u>906,800</u>	<u>906,800</u>	<u>\$ 674,213</u>		<u>(232,587)</u>
Fund balance budgeted	-	-			
<b>Total revenues and fund     balance budgeted</b>	<u>\$ 906,800</u>	<u>906,800</u>			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ 788,800	788,800	659,237		129,563
Contractual services	-	-	-		-
Other	118,000	118,000	23,593		94,407
Other financing uses	-	-	-		-
<b>Total expenditures</b>	<u>\$ 906,800</u>	<u>906,800</u>	<u>682,831</u>		<u>223,969</u>

MOTOR VEHICLE PROGRAM

	Budgeted Amounts			Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts		
	Original	Final			
Revenues					
Other state funds	\$ 1,207,900	1,234,300	3,299,438		2,065,138
<b>Total revenues</b>	<u>1,207,900</u>	<u>1,234,300</u>	<u>\$ 3,299,438</u>		<u>2,065,138</u>
Fund balance budgeted	1,265,600	1,265,600			
<b>Total revenues and fund     balance budgeted</b>	<u>\$ 2,473,500</u>	<u>2,499,900</u>			
Expenditures - current and capital outlay					
Personal services/employee benefits	\$ 728,700	728,700	400,600		328,100
Contractual services	274,800	301,200	244,421		56,779
Other	204,400	204,400	100		204,300
Other financing uses	1,265,600	1,265,600	1,265,600		-
<b>Total expenditures</b>	<u>\$ 2,473,500</u>	<u>2,499,900</u>	<u>1,910,721</u>		<u>589,179</u>

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, 2016

	<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	\$ 2,114,700	2,141,100	3,973,651	1,832,551
<b>Total revenues</b>	2,114,700	2,141,100	<u>\$ 3,973,651</u>	<u>1,832,551</u>
Fund balance budgeted	1,265,600	1,265,600		
<b>Total revenues and fund         balance budgeted</b>	<u>\$ 3,380,300</u>	<u>3,406,700</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 1,517,500	1,517,500	1,059,837	457,663
Contractual services	274,800	301,200	244,421	56,779
Other	322,400	322,400	23,693	298,707
Other financing uses	1,265,600	1,265,600	1,265,600	-
<b>Total expenditures</b>	<u>\$ 3,380,300</u>	<u>3,406,700</u>	<u>2,593,551</u>	<u>813,149</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, 2016

PROGRAM SUPPORT

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ 108,100	108,100	96,877	(11,223)
Federal funds	-	-	-	-
<b>Total revenues</b>	<b>108,100</b>	<b>108,100</b>	<b>\$ 96,877</b>	<b>(11,223)</b>
Fund balance budgeted	-	-		
<b>Total revenues and fund         balance budgeted</b>	<b>\$ 108,100</b>	<b>108,100</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 108,100	108,100	96,877	11,223
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 108,100</b>	<b>108,100</b>	<b>96,877</b>	<b>11,223</b>

MOTOR VEHICLE PROGRAM

	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other state funds	\$ -	-	-	-
Federal funds	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
Fund balance budgeted	-	-		
<b>Total revenues and fund         balance budgeted</b>	<b>\$ -</b>	<b>-</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

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, 2016

FUND 798 SPECIAL APPROPRIATION  
MVD Modernization Z50703

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
Other state funds	\$ -	-	3,756,562	3,756,562
Other sources	-	-	5,171,500	5,171,500
<b>Total revenues</b>	-	-	<u>\$ 8,928,062</u>	<u>8,928,062</u>
Fund Balance Budgeted	<u>5,171,500</u>	<u>5,171,500</u>		
<b>Total revenues and fund balance budgeted</b>	<u>\$ 5,171,500</u>	<u>5,171,500</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	4,000,000	4,000,000	-	4,000,000
Other	1,171,500	1,171,500	2,390,306 *	(1,218,806)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<u>\$ 5,171,500</u>	<u>5,171,500</u>	<u>2,390,306</u>	<u>2,781,194</u>

\* refer to footnote on page 47

FUND 798 SPECIAL APPROPRIATION  
MVD Driver Z00703

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
Other state funds	\$ -	-	-	-
Other sources	-	-	-	-
<b>Total revenues</b>	-	-	<u>\$ -</u>	<u>-</u>
Fund Balance Budgeted	<u>-</u>	<u>-</u>		
<b>Total revenues and fund balance budgeted</b>	<u>\$ -</u>	<u>-</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</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 (CONTINUED)  
Year Ended June 30, 2016

FUND 798 SPECIAL APPROPRIATION  
MVD Modernization Z40702

PROGRAM SUPPORT

	PROGRAM SUPPORT			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
Other state funds	\$ -	-	312	312
Other sources	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>\$ 312</b>	<b>312</b>
Fund Balance Budgeted	6,521,791	6,521,791		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 6,521,791</b>	<b>6,521,791</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	5,451,434	5,451,434	2,286,356	3,165,078
Other	1,070,357	1,070,357	3,015,472 *	(1,945,115)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 6,521,791</b>	<b>6,521,791</b>	<b>5,301,828</b>	<b>1,219,963</b>

TOTAL DRIVE MVD FUND

	TOTAL DRIVE MVD FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts	
	Original	Final		
Revenues				
Other state funds	\$ 108,100	108,100	3,853,751	3,745,651
Federal funds	-	-	-	-
Other sources	-	-	5,171,500	5,171,500
<b>Total revenues</b>	<b>108,100</b>	<b>108,100</b>	<b>\$ 9,025,251</b>	<b>8,917,151</b>
Fund balance budgeted	11,693,291	11,693,291		
<b>Total revenues and fund balance budgeted</b>	<b>\$ 11,801,391</b>	<b>11,801,391</b>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ 108,100	108,100	96,877	11,223
Contractual services	9,451,434	9,451,434	2,286,356	7,165,078
Other	2,241,857	2,241,857	5,405,778 *	(3,163,921)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 11,801,391</b>	<b>11,801,391</b>	<b>7,789,011</b>	<b>4,012,380</b>

\* As noted in Note 6 and detailed below, \$4,558,995 of professional services were reclassified as capital outlay.

MVD Z50703	2,311,865
MVD Z40702	2,247,130
	<u>4,558,995</u>

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  
Year Ended June 30, 2016

	FUND 10690 SPECIAL APPROPRIATIONS			TAX ADMINISTRATION ACT		Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Budgetary Basis Actual Amounts			
	Original	Final				
<b>Native American PIT Settlement Z40519</b>						
Revenues						
State General Fund Appropriations	\$	-	-	-	-	-
<b>Total revenues</b>		-	-	\$	-	-
Fund Balance Budgeted		-	25,445			
<b>Total revenues and fund         balance budgeted</b>	\$	-	25,445			
Expenditures - current and capital outlay						
Personal services/employee benefits	\$	-	-	-	-	-
Contractual services		-	-	-	-	-
Other		-	25,445	-	-	25,445
Other financing uses		-	-	-	-	-
<b>Total expenditures</b>	\$	-	25,445	-	-	25,445
<b>TOTAL NATIVE AMERICAN FUND</b>						
Revenues						
State General Fund Appropriations	\$	-	-	-	-	-
<b>Total revenues</b>		-	-	\$	-	-
Fund Balance Budgeted		-	25,445			
<b>Total revenues and fund         balance budgeted</b>	\$	-	25,445			
Expenditures - current and capital outlay						
Personal services/employee benefits	\$	-	-	-	-	-
Contractual services		-	-	-	-	-
Other		-	25,445	-	-	25,445
Other financing uses		-	-	-	-	-
<b>Total expenditures</b>	\$	-	25,445	-	-	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, 2016

	Operating Fund 17200	Weight Distance Fund 99400	Drive MVD Fund 79800	Native American Fund 10690	Total General Fund	STB Capital Outlay Fund 89200
<b>Total Expenditures and Other Financing Uses</b> (Statement of Revenues, Expenditures and Changes in Fund Balance)	\$ 86,262,852	2,593,551	7,789,011	-	96,645,414	357,513
Reversions to State General Fund-FY16	(3,048,159)	-	-	-	(3,048,159)	
Reversions to State Land Office-FY16	(5,787)	-	-	-	(5,787)	
<b>Total Expenditures</b> (Statement of Revenues and Expenditures Budget and Actual)	<u>\$ 83,208,906</u>	<u>2,593,551</u>	<u>7,789,011</u>	<u>-</u>	<u>93,591,468</u>	<u>357,513</u>

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, 2016

ASSETS

Interest in State General Fund Investment Pool	\$ 687,555,138
Cash on hand and in banks	53,479
Receivables:	
Counties, municipalities and fee agents	5,596,524
Due from state general fund	-
Due from other state agencies	4,739
Due from other intra-funds	-
Due from taxpayers	820,014,624
Citations	3,411,951
Tax assessments	1,203,691,805
Allowance for uncollectibles	(1,207,214,275)
 Total assets	 <u><u>\$ 1,513,113,985</u></u>

LIABILITIES

Accounts payable	\$ 71,285
Overdraft in Interest in SGFIP	14,964,259
Unidentified tax collections	231,200,067
Due to state general fund	-
Due to beneficiaries	11,233,103
Due to counties and municipalities	294,875,544
Due to other state agencies	887,887,427
Due to other funds	5,019,815
Refunds due to taxpayers	65,807,438
Other liabilities - stale dated warrants	2,055,047
 Total liabilities	 <u><u>\$ 1,513,113,985</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**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, and 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.

*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.



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. NATURE OF ORGANIZATION (CONTINUED)**

*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.

*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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

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 non-fiduciary 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.

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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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

*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 deferred revenue by the recipient.

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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2016 was \$115 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, 2016.

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.

*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 equally offset by a fund balance reserve, which indicates it is unavailable for appropriation, even though it is a component of reported net position.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

*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.

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).

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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

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.

*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 represent 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 represent 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, 2016.

*Fund Balance.* In the governmental fund financial statements, fund balances are classified as non-spendable, 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 branches 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.

*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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

*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.).
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.



STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 re-budgeted 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 2016 shall revert to the [state] general fund by September 30, 2016, 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, 2016 (FY16), but were unpaid by that date. In these circumstances, accounts payable amounts were not established in FY16 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 FY17 and were paid from FY17 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.

*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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

*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.

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 the Cash Management Remediation Project Phase I, the Board 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 the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 3. STATE GENERAL FUND INVESTMENT POOL (CONTINUED)**

The State Controller indicated on August 8, 2016 that calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (< \$200k standard deviation) over the last twelve months; resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP and that all claims will be honored at face value.

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

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 State General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

**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, 2016, the Department had the following invested in the General Fund Investment Pool:

Interest in State General Fund Investment Pool	\$716,222,809
--	---------------

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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

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, 2016, 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, 2016 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.

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, 2016.

**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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 5. RECEIVABLES (CONTINUED)

\$98,201,173 of the active tax assessments issued by the Department and listed below are under protest and/or subject to litigation.

At June 30, 2016, the Department's receivables, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Fiduciary Funds
	General	Special Revenue	Capital Project	Agency
<b>Receivables:</b>				
Accounts receivable	\$ 47,733	-	-	-
Federal Grants	225,795	-	-	-
County property valuation loans	-	240,000	-	-
Local Governments (Loans)	-	-	-	110,519
Citations	-	-	-	3,411,951
Tax assessments	-	-	-	1,203,691,805
<b>Gross receivables</b>	<u>266,028</u>	<u>240,000</u>	<u>-</u>	<u>1,207,214,275</u>
Allowance for uncollectibles	(20,115)	(240,000)	-	(1,207,214,275)
<b>Total receivables, net</b>	<u>\$ 253,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Due From:</b>				
Other Funds	\$ 5,019,815	-	-	-
Taxpayers	-	-	-	820,014,624
State General Fund	-	-	-	-
Local governments	-	-	-	5,486,005
Other Agencies	132,378	-	205,337	4,739
<b>Total Due From</b>	<u>\$ 5,152,193</u>	<u>-</u>	<u>\$ 205,337</u>	<u>\$825,505,368</u>

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 FY16, no receivables were determined to be uncollectible. Article IV Section 32 of the New Mexico Constitution provides:

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 5. RECEIVABLES (CONTINUED)**

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.

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,

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 5. RECEIVABLES (CONTINUED)**

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, 2016. 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, 2016.

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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 5. RECEIVABLES (CONTINUED)

Receivables – Fiduciary Funds Tax Assessments

At June 30, 2016, tax assessments and penalty citations issued and uncollected by the Fiduciary Fund Type were:

Combined reporting system (CRS) taxes	\$ 736,690,023
Personal income tax	312,388,426
Corporate income tax	99,533,393
Citations	3,411,951
Cigarette tax	7,418,404
Combined fuel tax	22,108,690
Weight distance tax	15,082,472
Delinquent tax	110,519
Workers' compensation tax	730,850
Restitution	-
Fiduciary income tax	4,393,131
Gasoline tax	3,346
Tobacco products	643,425
Special fuel supplier	637
Enhanced 911 tax	315,669
Petroleum products loading fee	401
Liquor excise tax	25,389
International fuel tax agreement/international registration plan	540,113
Water conservation fees	20,537
Local liquor tax	1,982
Daily bed surcharge	3,492
Railroad car tax	172
Unclaimed property	-
Bingo and raffle tax	1,768
Telecommunications relay surcharge	3,078
Gaming	346
Alternative fuel distributors	55
Oil and gas tax programs:	
Oil and gas taxes (OGT & HM)	<u>3,786,006</u>
 Total receivable, fiduciary funds tax assessments	 <u>\$ 1,207,214,275</u>



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	June 30, 2015 As Previously Reported	Restatement	June 30, 2015	Additions	Adjustments	Deletions	Balance June 30, 2016
<b>Governmental activities:</b>							
Furniture and fixtures	\$ 562,878	-	562,878	19,788	-	-	582,666
Software	35,132,772	1,793,398	36,926,170	1,623,209	-	( 3,773,868)	34,775,511
Machinery and data processing equipment	8,353,710	-	8,353,710	202,873	-	( 1,886,928)	6,669,655
Tenant leasehold improvements	534,799	-	534,799	7,300	-	-	542,099
Vehicles	<u>132,902</u>	<u>-</u>	<u>132,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,902</u>
Total depreciable assets	<u>44,717,061</u>	<u>1,793,398</u>	<u>46,510,459</u>	<u>1,853,170</u>	<u>-</u>	<u>(5,660,796)</u>	<u>42,702,833</u>
Construction in process				<u>6,737,504*</u>			<u>6,737,504</u>
Total assets	<u>44,717,061</u>	<u>1,793,398</u>	<u>46,510,459</u>	<u>8,590,674</u>	<u>-</u>	<u>(5,660,796)</u>	<u>49,440,337</u>
Less accumulated depreciation for:							
Furniture and fixtures	(480,351)	-	(480,351)	(13,880)	-	-	(494,231)
Software	(9,214,829)	(3,071)	(9,217,900)	(4,176,707)	-	3,744,598	(9,650,009)
Machinery and data processing equipment	(5,842,019)	-	(5,842,019)	(735,672)	-	1,886,928	(4,690,763)
Tenant leasehold improvements	(200,246)	-	(200,246)	(33,112)	-	-	(233,358)
Vehicles	<u>(82,818)</u>	<u>-</u>	<u>(82,818)</u>	<u>(10,090)</u>	<u>-</u>	<u>-</u>	<u>(92,908)</u>
Total accumulated depreciation	<u>(15,820,263)</u>	<u>(3,071)</u>	<u>(15,823,334)</u>	<u>(4,969,461)</u>	<u>-</u>	<u>5,631,526</u>	<u>(15,161,269)</u>
Capital assets, net	\$ <u>28,896,798</u>	<u>1,790,327</u>	<u>30,687,125</u>	<u>(3,621,213)</u>	<u>-</u>	<u>(29,270)</u>	<u>34,279,068</u>

The Department does not have any debt related to capital assets at June 30, 2016.

Depreciation expense was charged to the following programs:

Program Support	\$ 2,194,647
Tax Administration Act	456,530
Motor Vehicle Program	2,312,393
Compliance Enforcement	<u>5,591</u>
	<u>\$ 4,969,461</u>

Capital asset activity included \$8,590,674 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.

\*Construction in process additions were incurred as follows:

\$4,558,995 – Professional services, reclassified to capital outlay
\$2,178,509 – Personal services/employee benefits, reclassified to capital outlay
\$6,737,504 – Total CIP additions

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

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 7. INTER/INTRA FUND RECEIVABLES AND PAYABLES**

Inter-fund transfers are made between the governmental funds of the Department to correct recording errors noted at year-end. Transfers also 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, 2016 and are comprised of the following balances:

<u>Fund</u>	<u>Fund Description</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>Operating Funds:</b>			
17200	General Fund – Operations	\$ 4,207,840	-
79800	Drive MVD	621,677	-
10690	Native American	-	-
99400	Weight Distance Tax Permit Fee	<u>190,298</u>	<u>-</u>
<b>Total Operating Funds</b>		<u>5,019,815</u>	<u>-</u>
<b>Fiduciary Funds:</b>			
27900	Corporate Income Tax	-	31,885
64200	PIT (TAA) Suspense	-	-
68000	HazMat Finger Printing Fee	-	-
68100	County & Municipal Gasoline	6,195,504	-
68200	County & Municipal Recreation	-	-
68300	County & Municipal Cigarette	-	-
68400	Small Cities Assistance	1,681,854	-
70900	Local Liquor Excise Tax	-	-
71000	Unclaimed Property	247,014	-
71300	Oil & Gas Ad Valorem Prod Tax	14,128,944	-
71500	Ad Valorem Equipment Tax	2,491	-
81900	Income Tax Suspense	281,631	281,632
82500	Transportation & MVD Suspense	1,058,554	2,419,047
82800	Tax Admin Act(TAA) Suspense	21,197	7,536,439
83000	Delinquency List Suspense	-	1,792,992
83100	Workers' Compensation Fund	-	144,915
83200	CRS (TAA) Suspense	-	3,788,358
83300	Oil & Gas Accounting Suspense	<u>146,889</u>	<u>14,131,434</u>
<b>Total Fiduciary Funds</b>		<u>25,106,887</u>	<u>30,126,702</u>
<b>Total Inter-fund Balances</b>		<u>\$ 30,126,702</u>	<u>30,126,702</u>

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**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	\$ 373,998,972
Oil and gas suspense funds (Other)	123,637,441
TAA suspense funds (Other)	107,001,904
HazMat fingerprinting fund	-
Total	<u>\$ 604,638,317</u>
Deductions:	
CRS suspense fund	\$ 373,998,972
Oil and gas accounting suspense fund	123,637,441
TAA suspense fund	84,807,792
Transportation and motor vehicle suspense fund	22,194,112
Total	<u>\$ 604,638,317</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, 2016, facilities rental expenditures were \$3,962,901 and equipment rental expenditures were \$643,438.

**NOTE 10. LIABILITIES**

*Current Liabilities.* The Department's Governmental Funds total current liabilities at fiscal year-end were \$11,303,641. Accounts payable of \$6,120,540 consists of goods or services received by the Department by June 30, 2016 but paid after June 30, 2016. Accrued payroll of \$1,908,136 consists of payroll expenditures incurred from June 20, 2016 through June 30, 2016 but paid after June 30, 2016.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 10. LIABILITIES (CONTINUED)**

*Compensated Absences.* A summary of changes in compensated absences payable for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences payable	\$ 2,181,174	4,279,431	(4,363,887)	2,096,718	2,096,718

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, 2016 were as follows:

FY16 Reversions:	
Revenue reversions	\$ 930,441
Expenditure reversions	2,067,249
Special appropriation reversions	17,360
Additional FY15 reversions	38,899
Total FY16 Reversions	3,053,949
Additional FY15 reversion paid during FY16	(27,464)
Reversions due the State Land Office	(5,787)
Total due to State General Fund at June 30, 2016	\$ 3,020,697

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

**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, 2016.

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](http://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 16.59% 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 ending June 30, 2016, 2015, and 2014 were \$6,502,275, \$6,677,819, and \$6,296,138, 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, 2016

**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](http://www.nmrhca.state.nm.us).

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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

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

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, 2016, 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 2016, 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, 2016, 2015, and 2014 were \$765,188, \$786,095, and \$759,994, 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.

**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, 2016, may be impaired.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 15. CONTINGENCIES (CONTINUED)**

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 \$98,201,173 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.

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, 2016

**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, 2016, follows:

Fund/Program	Laws	Committed Purposes	Restricted Purposes
<b>General Fund:</b>			
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	-	-
Replace MVD System	Laws of 2015, Chapter 101, Section 7, Item 3, \$8.861,500 through FY17	2,785,811	
Replace MVD System	Laws of 2014, Chapter 63, Section 7, Item 2, \$12,897,100 through FY16	1,220,274	-
Replace MVD System	Laws of 2014, Chapter 63, Section 7, Item 2, administrative fees	3,751,945	
<b>Total General Fund:</b>		<u>7,783,475</u>	<u>-</u>
<b>Total Fund Balance - Committed for Special Appropriations</b>		<u>7,783,475</u>	<u>-</u>
<b>Fund Balance:</b>			
<b>General Fund:</b>			
Financial Responsibility Act	NMSA 1978, Section 66-5-201 and 66-6-23A(5)(e)	-	397,505
EDL - Enhanced Driver's License	NMSA 1978, Section 66-5-44, C	-	1,896,561
Delinquent Property Tax	NMSA 1978, Section 7-38-62	-	13,751,193
PIT Intercept Administration Fees	NMSA 1978, Section 7-2C-12	-	280,051
MVD Non-Reverting Revenues	Laws of 2009, Chapter 156, Section 1 through 7	2,570,185	2,426,419
Out of State DWI Verification	NMSA 1978, Section 66-5-44, B	-	629,907
Weight Distance Tax Fund 9940C	NMSA 1978, 7-15A-14	7,986,184	-
<b>Total General Fund Balance - Restricted / Committed for Subsequent Years' Expenditures</b>		<u>10,556,369</u>	<u>19,381,636</u>
Severance Tax Bond Fund 89200			(4,006)
Property Valuation Fund 34800 - Loans to Counties	NMSA 1978, 7-35-3(B)		425,543
<b>Total Fund Balance</b>		<u>\$ 18,339,844</u>	<u>19,803,173</u>

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 18. REVENUES AND OTHER FINANCING SOURCES

General fund revenue and other financing sources reported for the year ended June 30, 2016 consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other State Funds:</b>			
Delinquent Property Tax	\$ 5,566,040	-	5,566,040
Workers Comp Assessment	650,505	-	650,505
Alcoholic Beverage Tax	74,612	-	74,612
Unclaimed Property	370,500	-	370,500
Sale of MVD Data	7,327,579	-	7,327,579
Motor Vehicle - Special Plates	196,672	-	196,672
Private Retail Agents	948,703	-	948,703
Enhanced Drivers License (EDL)	1,774,392	-	1,774,392
Parental Responsibilities	118,590	-	118,590
Provisional License	187,908	-	187,908
Hazmat Fingerprinting	-	-	-
Financial Responsibilities	3,714,758	-	3,714,758
Motorcycle & Off Highway Registration Fee	270,344	-	270,344
Out of State DWI Verification Interlock	484,198	-	484,198
Weight Distance Tax Administrative Fees	3,973,651	-	3,973,651
Motor Vehicle Admin Fees	3,559,055	-	3,559,055
Interest Income	-	967	967
Other Admin Fees (PIT & GRT)	7,198,590	-	7,198,590
Misc. Revenue - Program	10,467	-	10,467
<b>Total Other State Funds</b>	<u>36,426,564</u>	<u>967</u>	<u>36,427,531</u>
<b>Other Financing Sources:</b>			
Revenue to operate Native American Fund	-	-	-
Revenue to MVD System Replacement	-	-	-
Severance Tax Bond Proceeds	-	353,507	353,507
<b>Total Other Financing Sources</b>	<u>-</u>	<u>353,507</u>	<u>353,507</u>
<b>State General Fund:</b>			
State General Fund Appropriations	56,385,100	-	56,385,100
Special Appropriations	5,915,509	-	5,915,509
<b>Total State General Fund</b>	<u>62,300,609</u>	<u>-</u>	<u>62,300,609</u>
State Land Office Transfers	610,775	-	610,775
<b>Total State Funds</b>	99,337,948	354,474	99,692,422
<b>Federal Funds</b>	<u>1,725,922</u>	<u>-</u>	<u>1,725,922</u>
<b>Total Revenues - GAAP</b>	<u>\$ 101,063,870</u>	<u>354,474</u>	<u>101,418,344</u>

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 19. PRIOR PERIOD RESTATEMENT**

The Statement of Net Position includes a prior period restatement of \$1,790,327. This amount is a restatement to increase Software/IT Equipment as of June 30, 2015. The restatement was caused by not capitalizing personal services and employee benefits incurred during the application development stage of internally generated software that was placed into service June 25, 2015. This created an understatement of capital assets and net position at the government wide financial statements. Below is a schedule of the changes in capital assets and the changes in net position, and the effects of the correction of the error.

	June 30, 2015		June 30, 2015
	As Previously Reported	Restatement	As Restated
Capital Assets			
Cost	\$ 44,717,061	1,793,398	\$ 46,510,459
Accumulated Depreciation	(15,820,263)	(3,071)	(15,823,334)
Net Capital Assets	<u>\$ 28,896,798</u>	<u>1,790,327</u>	<u>\$ 30,687,125</u>

As a result of these erroneous recordings of software/IT equipment, the June 30, 2015 beginning net position for the governmental activity was understated by \$1,790,327.

Net position, beginning	\$ 61,121,397
Restatement	<u>1,790,327</u>
Net position, beginning, restated	<u>\$ 62,911,724</u>

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 20. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 77, Tax Abatement: In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures, establishing guidance requiring state and local governments to disclose key information about tax abatement agreements. The new guidance is intended to make the financial impact of these transactions readily transparent. The requirements of Statement 77 are effective for financial statements for periods beginning after December 15, 2015.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NON-MAJOR FUNDS  
Year Ended June 30, 2016**

*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, 2016

	<u>Property</u>	<u>Capital</u>	<u>Total</u>
<b>ASSETS</b>			
Interest in the State Treasurer General Fund			
Investment Pool	\$ 425,543	-	425,543
Receivables:			
Due from other state agencies	-	205,337	205,337
Loans to counties, net	-	-	-
<b>Total assets</b>	<b>\$ 425,543</b>	<b>205,337</b>	<b>630,880</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Overdraft in Interest in SGFIP	\$ -	203,785	203,785
Accounts payable	-	5,558	5,558
<b>Total liabilities</b>	<b>-</b>	<b>209,343</b>	<b>209,343</b>
Fund Balances			
Restricted for loans to counties	425,543		425,543
Unassigned		(4,006)	(4,006)
<b>Total fund balances</b>	<b>425,543</b>	<b>(4,006)</b>	<b>421,537</b>
<b>Total liabilities and fund balances</b>	<b>\$ 425,543</b>	<b>205,337</b>	<b>630,880</b>

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, 2016

	<u>Property</u>	<u>Capital</u>	<u>Total</u>
Revenues			
Miscellaneous revenue	\$ 967	-	967
<b>Total revenues</b>	967	-	967
Expenditures			
Current expenditures:			
Operating costs	-	71,585	71,585
Capital outlay	-	285,928	285,928
<b>Total expenditures</b>	-	357,513	357,513
<b>Excess of revenues over expenditures</b>	967	(357,513)	(356,546)
Other Financing Sources (Uses)			
Severance tax bond proceeds	-	353,507	353,507
<b>Net other financing sources (uses)</b>	-	353,507	353,507
<b>Net change in fund balance</b>	967	(4,006)	(3,039)
Fund balance, June 30, 2015	424,576	-	424,576
<b>Fund balance, June 30, 2016</b>	\$ 425,543	(4,006)	421,537



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, 2016

	STB CAPITAL OUTLAY FUND			
	Budgeted Amounts		Budgetary Basis Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Severance tax bond proceeds	\$ 1,800,000	1,800,000	353,507	1,446,493
<b>Total revenues</b>	<u>1,800,000</u>	<u>1,800,000</u>	<u>\$ 353,507</u>	<u>1,446,493</u>
Fund Balance Budgeted	-	-		
<b>Total revenues and fund     balance budgeted</b>	<u>\$ 1,800,000</u>	<u>1,800,000</u>		
Expenditures - current and capital outlay				
Personal services/employee benefits	\$ -	-	-	-
Contractual services	171,002	171,002	-	171,002
Other	1,628,998	1,628,998	357,513	1,271,485
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<u>\$ 1,800,000</u>	<u>1,800,000</u>	<u>357,513</u>	<u>1,442,487</u>

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
FIDUCIARY FUND TYPES  
Year Ended June 30, 2016**

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, 2016**

- 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, 2016**

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, 2016

ASSETS	Collection Funds						Non-Collection	Eliminations	June 30, 2016
	CRS Suspende	Personal Income Tax Funds	Corporate Income Tax	TAA Suspende / Other	Motor Vehicle	Oil & Gas	Other Funds		Totals
Interest in State General Fund Investment Pool	\$ 479,624,450.00	-	1,833,710	84,629,125	27,762,427	85,727,021	7,978,405	-	687,555,138
Cash on hand and in banks	-	-	-	-	53,479	-	-	-	53,479
Receivables:									
Counties, municipalities and fee agents	3,358,864	-	-	110,519	2,126,808	333	-	-	5,596,524
Due from state general fund	-	-	-	-	-	-	-	-	-
Due from other state agencies	76	-	-	343	4,320	-	-	-	4,739
Due from taxpayers	458,338,939	119,644,998	39,226,152	48,619,061	19,678,704	134,506,770	-	-	820,014,624
Due from other funds	-	281,631	-	8,145,570	1,058,554	14,278,323	1,342,809	(25,106,887)	-
Citations	-	-	-	-	3,411,951	-	-	-	3,411,951
Tax assessments	736,690,023	312,388,426	99,533,393	36,211,485	15,082,472	3,786,006	-	-	1,203,691,805
Allowance for uncollectibles	(736,690,023)	(312,388,426)	(99,533,393)	(36,322,004)	(18,494,423)	(3,786,006)	-	-	(1,207,214,275)
Total assets	\$ 941,322,329	119,926,629	41,059,862	141,394,099	50,684,292	234,512,447	9,321,214	(25,106,887)	1,513,113,985
<b>LIABILITIES</b>									
Accounts payable	\$ 3	16,921	-	51,100	2,217	1,044	-	-	71,285
Overdraft in Interest in SGFIP	-	14,963,926	-	-	-	333	-	-	14,964,259
Unidentified tax collections	127,246,513	94	27,284,146	31,571,250	2,285,254	39,093,842	3,718,968	-	231,200,067
Due to state general fund	-	-	-	-	-	-	-	-	-
Due to beneficiaries	9,099,988	-	-	2,073,590	59,525	-	-	-	11,233,103
Due to counties and municipalities	263,973,302	-	-	14,557,556	2,987,128	13,357,558	-	-	294,875,544
Due to other state agencies	536,385,351	104,627,792	13,634,817	81,209,385	42,845,565	104,184,517	5,000,000	-	887,887,427
Refunds due to taxpayers	-	-	-	1,606,636	-	63,742,285	458,517	-	65,807,438
Due to other funds	3,788,358	281,632	31,885	9,474,346	2,419,047	14,131,434	-	(25,106,887)	5,019,815
Other liabilities - stale dated warrants	828,814	36,264	109,014	850,236	85,556	1,434	143,729	-	2,055,047
Total liabilities	\$ 941,322,329	\$ 119,926,629	\$ 41,059,862	\$ 141,394,099	\$ 50,684,292	\$ 234,512,447	\$ 9,321,214	\$ (25,106,887)	\$ 1,513,113,985

**OTHER SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF GENERAL FUND COMPONENTS - BALANCE SHEET  
GENERAL FUNDS  
June 30, 2016

	Operating	Weight Distance	Drive MVD	Native American	Total
<b>ASSETS</b>					
Interest in the State Treasurer General Fund					
Investment Pool	\$ 27,820,771	7,843,922	7,720,034	25,445	43,410,172
Cash on hand	25,203	-	-	-	25,203
Receivables:					
Due from federal government	225,795	-	-	-	225,795
Loans to counties, net	-	-	-	-	-
Other receivables, net	20,118	-	7,500	-	27,618
Due from:					
Other funds	4,207,840	190,298	621,677	-	5,019,815
Other state agencies	132,378	-	-	-	132,378
Inventory of supplies	492,903	-	-	-	492,903
Prepaid expenses	160,067	-	-	-	160,067
<b>Total assets</b>	<b>\$ 33,085,075</b>	<b>8,034,220</b>	<b>8,349,211</b>	<b>25,445</b>	<b>49,493,951</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 5,503,943	23,189	587,850	-	6,114,982
Accrued payroll	1,879,958	24,847	3,331	-	1,908,136
Due to other funds	-	-	-	-	-
Due to other state agencies	11,225	-	-	-	11,225
Due to State General Fund	3,020,697	-	-	-	3,020,697
Other Liabilities	39,258	-	-	-	39,258
<b>Total liabilities</b>	<b>10,455,081</b>	<b>48,036</b>	<b>591,181</b>	<b>-</b>	<b>11,094,298</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Inventory of supplies	492,903	-	-	-	492,903
Prepaid expenses	160,067	-	-	-	160,067
<b>Restricted</b>					
Committed	2,570,185	7,986,184	7,758,030	25,445	18,339,844
Assigned	25,203	-	-	-	25,203
<b>Total fund balances</b>	<b>22,629,994</b>	<b>7,986,184</b>	<b>7,758,030</b>	<b>25,445</b>	<b>38,399,653</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,085,075</b>	<b>8,034,220</b>	<b>8,349,211</b>	<b>25,445</b>	<b>49,493,951</b>

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, 2016

	<u>Operating</u>	<u>Weight Distance</u>	<u>Drive MVD</u>	<u>Native American</u>	<u>Total</u>
Revenues					
Other state funds	\$ 28,599,162	3,973,651	3,853,751	-	36,426,564
Federal funds	1,725,922	-	-	-	1,725,922
<b>Total revenues</b>	<b>30,325,084</b>	<b>3,973,651</b>	<b>3,853,751</b>	<b>-</b>	<b>38,152,486</b>
Expenditures					
Current expenditures:					
Personal services and employee benefits	53,234,561	1,059,837	96,877	-	54,391,275
Contractual services	11,475,428	244,421	2,286,356	-	14,006,205
Other costs	14,940,769	23,693	659,180	-	15,623,642
Capital outlay	3,558,148	-	4,746,598	-	8,304,746
<b>Total expenditures</b>	<b>83,208,906</b>	<b>1,327,951</b>	<b>7,789,011</b>	<b>-</b>	<b>92,325,868</b>
<b>Excess of revenues over expenditures</b>	<b>(52,883,822)</b>	<b>2,645,700</b>	<b>(3,935,260)</b>	<b>-</b>	<b>(54,173,382)</b>
Other Financing Sources (Uses)					
State General Fund appropriations	56,385,100	-	-	-	56,385,100
State General Fund special appropriations	744,009	-	5,171,500	-	5,915,509
Fund Balance Sources	-	-	-	-	-
Fund Balance Transfers	-	-	-	-	-
Transfers from other state agencies	610,775	-	-	-	610,775
Transfers to other state agencies	-	(1,265,600)	-	-	(1,265,600)
Reversions to State General Fund - FY16	(3,048,159)	-	-	-	(3,048,159)
Reversions to State Land Office - FY16	(5,787)	-	-	-	(5,787)
<b>Net other financing sources (uses)</b>	<b>54,685,938</b>	<b>(1,265,600)</b>	<b>5,171,500</b>	<b>-</b>	<b>58,591,838</b>
<b>Net change in fund balance</b>	<b>1,802,116</b>	<b>1,380,100</b>	<b>1,236,240</b>	<b>-</b>	<b>4,418,456</b>
Fund balance, June 30, 2015	20,827,878	6,606,084	6,521,790	25,445	33,981,197
<b>Fund balance, June 30, 2016</b>	<b>\$ 22,629,994</b>	<b>7,986,184</b>	<b>7,758,030</b>	<b>25,445</b>	<b>38,399,653</b>



STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF SPECIAL APPROPRIATIONS  
Year Ended June 30, 2016

Special Appropriation	Amount Appropriated	Amount Received to Date	Expenditures to Date	Unencumbered Balance	Amount Reverted
<b>General Fund:</b>					
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	249,788	212	-
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	24,767	25,233	-
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	6,000,000	5,982,640	17,360	17,360
Special appropriation to Taxation & Revenue Department for MVD Modernization, Laws of 2014, Chapter 63, Section 7, Item 2, through FY16.	12,897,100	12,897,100	8,682,985	4,214,115	-
Special appropriation to Taxation & Revenue Department for MVD Modernization, Laws of 2015, Chapter 101, Section 7, Item 3, through FY17	8,861,500	5,171,500	2,390,778	2,780,722	-
<b>General Fund Total</b>	<b>28,058,600</b>	<b>24,368,600</b>	<b>17,330,958</b>	<b>7,037,642</b>	<b>17,360</b>
<b>STB Capital Outlay Fund:</b>					
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	1,800,000	353,507	357,513	-	-
<b>Total Special Appropriations</b>	<b>\$ 29,858,600</b>	<b>24,722,107</b>	<b>17,688,471</b>	<b>7,037,642</b>	<b>17,360</b>

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FIDUCIARY FUND INTER-AGENCY TRANSFERS  
Fiscal Year Ended June 30, 2016

Account Transferred to:	Cash Account Transfer to:	Account Transferred from:	Reason for Transfer	Account Transfer from:	Net Amount
<b>Aging and Long Term Services Department:</b>					
Senior Services Voluntary Contribution	62400-04900	Income Tax Suspense Fund	1	81900-33300 \$	8,091
<b>Children Youth and Families Department:</b>					
CYFD-Children's Trust Fund	78000-69000	Transportation & MVD Suspense	1	82500-33300	31,615
<b>Department of Cultural Affairs:</b>					
OCA Capital Projects/Laws of 1992	69100-50500	CRS TAA Suspense Fund	1	83200-33300	373,757
COA/Municipal Event Surcharge	19305-50500	TAA Suspense Fund	1	82800-33300	487
<b>Department of Education:</b>					
Substance Abuse Education	05700-92400	Income Tax Suspense Fund	1	81900-33300	8,376
Driving Safety Fees	57300-92400	Transportation & MVD Suspense	1	82500-33300	1,500,564
Lottery Tuition	63700-95000	Income Tax Suspense Fund	1	81900-33300	9,883
<b>Department of Environment:</b>					
Tire Recycling Fund	02600-66700	Transportation & MVD Suspense	1	82500-33300	984,812
Water Conservation Fund (WCF)	56700-66700	TAA Suspense Fund	1	82800-33300	2,155,247
Corrective Action Fund (PPL)	99000-66700	TAA Suspense Fund	1	82800-33300	19,250,426
<b>Department of Finance and Administration:</b>					
DFA Appropriations - Restitution	85300-34100	TRD Restitution Fund	1	23600-33300	1,788
DFA Appropriations - CIT	85300-34100	CIT TAA Suspense Fund	1	27900-33300	109,565,463
DFA Appropriations - PIT	85300-34100	PIT TAA Suspense Fund	1	64200-33300	509,271,970
DFA Appropriations - Unclaimed Property	85300-34100	Unclaimed Property Susp Fund	1	71000-33300	19,788,748
SBOF - State Debt	80000-34100	Oil & Gas Ad Valorem Prod Fund	1	71300-33300	4,895,160
SBOF - State Debt	80000-34100	Copper Production Tax Fund	1	71400-33300	287,585
SBOF - State Debt	80000-34100	Ad Valorem Equipment Tax Fund	1	71500-33300	1,949,428
Juvenile Adjudication Fund	10780-34100	Transportation & MVD Suspense	1	82500-33300	120,911
Santa Fe 400th Plate	10880-34100	Transportation & MVD Suspense	1	82500-33300	-
Judicial Education Fund	58900-34100	Transportation & MVD Suspense	1	82500-33300	362,735
DFA Appropriations - MVC	85300-34100	Transportation & MVD Suspense	1	82500-33300	154,487,603
Enhanced 911 Fund	01700-34100	TAA Suspense Fund	1	82800-33300	11,062,227
Cancer Research & Treatment Center	23300-34100	TAA Suspense Fund	1	82800-33300	703,353
Local DWI Grant Fund	56000-34100	TAA Suspense Fund	1	82800-33300	21,139,511
DFA Appropriations - TAA	85300-34100	TAA Suspense Fund	1	82800-33300	150,155,195
DFA Appropriations - WKC	85300-34100	Workmen's' Compensation Fund	1	83100-33300	(89,738)
County-supported Medicaid Fund	02100-34100	CRS TAA Suspense Fund	1	83200-33300	23,134,665
Small Counties Assistance Fund	73700-34100	CRS TAA Suspense Fund	1	83200-33300	6,159,039
DFA Appropriations - CRS TAA	85300-34100	CRS TAA Suspense Fund	1	83200-33300	2,847,584,268
DFA Appropriations - Oil & Gas	85300-34100	Oil & Gas Accounting Suspense	1	83300-33300	262,524,422
<b>Department of Game &amp; Fish:</b>					
Game & Fish - Intercept Fund	30700-71700	Income Tax Suspense Fund	1	81900-33300	20,091
Game & Fish-ATV Registration	10840-51600	Transportation & MVD Suspense	1	82500-33300	713,670
Game Protection Fund - Bass Habitat Program	19800-51600	Transportation & MVD Suspense	1	82500-33300	9,345
Game Protection Fund - Wildlife Program	30700-51600	Transportation & MVD Suspense	1	82500-33300	30,625
<b>Department of Human Services</b>					
Child Support Enforcement Fund	97800-63000	Income Tax Suspense Fund	1	81900-33300	2,102,442
Brain Injury Services Fund	76800-62400	Transportation & MVD Suspense	1	82500-33300	603,222
Pit Intercepts	97800-63000	Income Tax Suspense Fund	1	81900-33300	13,578
<b>Department of Health:</b>					
DOH Breast Cancer Awareness	06100-66500	Transportation & MVD Suspense	1	82500-33300	24,025
Blood Donor Plate	06105-66500	Transportation & MVD Suspense	1	82500-33300	375
Children's Eyesight Fund	26104-66500	Transportation & MVD Suspense	1	82500-33300	55,423
<b>Department of Tourism:</b>					
National Scenic By-Ways Program	03000-41800	Transportation & MVD Suspense	1	82500-33300	15,500
Litter Control & Beautification Fund	26200-41800	Transportation & MVD Suspense	1	82500-33300	1,088,867
<b>Department of Transportation:</b>					
State Road Fund Appropriations	20100-80500	Transportation & MVD Suspense	1	82500-33300	185,466,932
Recycling & Illegal Dumping Fund	20200-80500	Transportation & MVD Suspense	1	82500-33300	1,943,164
Local Government Road Fund	20300-80500	Transportation & MVD Suspense	1	82500-33300	886,410
Motorcycle Training Fund	20600-80500	Transportation & MVD Suspense	1	82500-33300	133,166
DOT DWI Prevention & Education Program	20700-80500	Transportation & MVD Suspense	1	82500-33300	464,947
Traffic Safety Education & Enforcement Fund	20800-80500	Transportation & MVD Suspense	1	82500-33300	795,793

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FIDUCIARY FUND INTER-AGENCY TRANSFERS  
Fiscal Year Ended June 30, 2016

Account Transferred to:	Cash Account Transfer to:	Account Transferred from:	Reason for Transfer	Account Transfer from:	Net Amount
Interlock Device Fund	82600-80500	Transportation & MVD Suspense	1	82500-33300	454,777
State Road Fund Appropriations	20100-80500	TAA Suspense Fund	1	82800-33300	208,020,533
Local Government Road Fund	20300-80500	TAA Suspense Fund	1	82800-33300	19,564,064
State Aviation Fund	20500-80500	TAA Suspense Fund	1	82800-33300	392,716
Highway Infrastructure Fund	20200-80500	CRS TAA Suspense Fund	1	83200-33300	5,948,952
Local Government Road Fund	20300-80500	CRS TAA Suspense Fund	1	83200-33300	1,982,984
State Aviation Fund	20500-80500	CRS TAA Suspense Fund	1	83200-33300	4,591,968
<b>Department of Veterans' Services:</b>					
Veterans National Cemetery	12300-67000	Income Tax Suspense Fund	1	81900-33300	9,528
New Mexico VSC/ Enterprise Fund	20490-67000	Transportation & MVD Suspense	1	82500-33300	51,808
New Mexico VSC/ Armed Forces	78400-67000	Transportation & MVD Suspense	1	82500-33300	113,192
New Mexico VSC/Enterprise Fund	20490-67000	Income Tax Suspense Fund	1	81900-33300	3,338
<b>Energy, Minerals &amp; Natural Resources Department:</b>					
EMNRD Parks & Recreation/Vietnam Memorial	20010-52100	Income Tax Suspense Fund	1	81900-33300	10,084
EMNRD Forest Relief	32100-52100	Income Tax Suspense Fund	1	81900-33300	10,878
EMNRD - Parks & Recreation	20010-52100	Transportation & MVD Suspense	1	82500-33300	500,847
Boat Suspense Fund	77300-52100	Transportation & MVD Suspense	1	82500-33300	554,583
EMNRD Parks & Recreation	20010-52100	TAA Suspense Fund	1	82800-33300	11,695
Motor Boat Fuel Tax Fund	30900-52100	TAA Suspense Fund	1	82800-33300	196,593
NM Youth Conservation Corps Fund	01400-52200	CRS TAA Suspense Fund	1	83200-33300	3,737,881
EMNRD Capital Projects/ 1994	64600-52100	CRS TAA Suspense Fund	1	83200-33300	5,232,314
OCD - Oil and Gas Reclamation	31100-52100	Oil & Gas Accounting Suspense	1	83300-33300	2,694,727
<b>General Services Department:</b>					
Handicapped Phone Access Fund	56500-35000	TAA Suspense Fund	1	82800-33300	2,130,112
<b>Livestock Board</b>					
NM Livestock/Horse Shelter	12130-50800	Income Tax Suspense Fund	1	81900-33300	7,123
<b>Military Affairs Department</b>					
Veterans Service/Armed Forces	10580-70500	Income Tax Suspense Fund	1	81900-33300	6,895
<b>New Mexico Administrative Office of the Courts:</b>					
Admin Office of the Courts	53300-21800	Income Tax Suspense Fund	1	81900-33300	8,284
Jury & Witness Fee Fund	01200-21800	Transportation & MVD Suspense	1	82500-33300	604,557
Court Automation Fund	07800-21800	Transportation & MVD Suspense	1	82500-33300	1,209,121
Magistrate Court Operations Fund	11120-21800	Transportation & MVD Suspense	1	82500-33300	10,056
Court Facilities Fund	53200-21800	Transportation & MVD Suspense	1	82500-33300	1,324,453
Local Government Corrections Fund	68800-21800	Transportation & MVD Suspense	1	82500-33300	2,253,851
<b>New Mexico Retiree Health:</b>					
NM Retiree Health Care Fund	38100-34300	CRS TAA Suspense Fund	1	83200-33300	29,518,783
<b>Office of the State Treasurer:</b>					
Severance Bonding Fund	41000-39400	Oil & Gas Accounting Suspense	1	83300-33300	254,966,458
<b>Public Employees Retirement Association:</b>					
PERA - Administration	60605-36600	PIT TAA Suspense Fund	1	64200-33300	2,400,000
<b>Public Regulation Commission</b>					
Firefighters Survivor Fund	56400-43000	Transportation & MVD Suspense	1	82500-33300	7,152
<b>Regulation and Licensing Department</b>					
Animal Shelter Fund	20120-42000	Transportation & MVD Suspense	1	82500-33300	18,275
Voluntary Contributions- Animal Shelter	42000-20120	Income Tax Suspense Fund	1	81900-33300	13,284
<b>State Land Office:</b>					
ONGARD/ Oil & Gas Royalty	26400-53900	Oil & Gas Accounting Suspense	1	83300-33300	216,968
<b>Secretary of the State:</b>					
Public Election Fund	81200-37000	Unclaimed Property Susp Fund	1	71000-33300	1,200,000
<b>Workers Compensation Administration:</b>					
Workers' Compensation Administration Fund	98200-63200	Workers' Compensation Suspense Fu	1	83100-33300	13,338,780
					<u>\$ 4,905,112,779</u>

**Transfer Purpose**

Transfers to other state agencies (beneficiaries) from the Taxation and Revenue Department's fiduciary funds as provided by New Mexico Statutes.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>ASSETS</u>				
Interest in State General Fund Investment Pool	\$ 705,898,612	7,659,683,156	7,678,026,630	687,555,138
Cash on hand and in banks	352,210	53,479	352,210	53,479
Receivables:				
Counties, municipalities and fee agents	8,651,293	5,486,005	8,540,774	5,596,524
Due from state general fund	-	-	-	-
Due from other state agencies	43,124	4,739	43,124	4,739
Due from other non-agency funds	-	25,106,887	25,106,887	-
Due from taxpayers	936,135,271	820,014,624	936,135,271	820,014,624
Other receivables - stale dated warrants	-	-	-	-
Citations	28,735,429	-	25,323,478	3,411,951
Tax assessments	1,126,881,951	147,298,738	70,488,884	1,203,691,805
Allowance for uncollectibles	(1,155,879,368)	91,590,637	142,925,544	(1,207,214,275)
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,650,818,522	8,749,238,265	8,886,942,802	1,513,113,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>				
Unidentified tax collections	\$ 237,496,502	54,405,069	48,108,634	231,200,067
Overdraft in Interest in SGFIP	-	-	14,964,259	14,964,259
Due to state general fund	-	-	-	-
Due to component units	13,114,801	13,114,801	11,233,103	11,233,103
Due to counties and municipalities	296,894,986	296,894,986	294,875,544	294,875,544
Due to other state agencies	993,021,378	993,021,378	887,887,427	887,887,427
Due to other funds	3,696,182	31,066,996	32,390,629	5,019,815
Refunds due to taxpayers	105,178,236	103,120,083	63,749,285	65,807,438
Due to external parties	-	-	-	-
Other liabilities - stale dated warrants	1,411,641	-	643,406	2,055,047
Accounts payable	4,796	3,320	69,809	71,285
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 1,650,818,522	1,491,626,633	1,353,922,096	1,513,113,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF CASH BALANCES  
Year Ended June 30, 2016

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
<b>Governmental Funds:</b>					
TRD - Operating Fund	Govt'l	17200 - 333	\$ 27,820,771	-	27,820,771
Property Valuation Fund	S R	34800 - 333	425,543	-	425,543
Native American Fund	S R	10690 - 333	25,445	-	25,445
STB Capital Projects Fund	Capital	89200 - 333	(203,785)	-	(203,785)
Drive MVD Fund	Govt'l	79800 - 333	7,720,034	-	7,720,034
Weight Distance Tax Permit Fee Fund	Govt'l	99400 - 333	7,843,922	-	7,843,922
<b>Total governmental funds</b>			<b>43,631,930</b>	<b>-</b>	<b>43,631,930</b>
<b>Fiduciary Funds:</b>					
Restitution Fund	Agency	23600 - 333	803	-	803
Oil & Gas Ad Valorem	Agency	23800 - 333	-	-	-
Corporate Income Tax (CIT)	Agency	27900 - 333	1,833,710	-	1,833,710
Personal Income Tax (PIT)	Agency	64200 - 333	(14,903,410)	-	(14,903,410)
HazMat Fingerprinting	Agency	68000 - 333	-	-	-
County & Municipal Gasoline Tax	Agency	68100 - 333	642,842	-	642,842
County & Municipal Cigarette	Agency	68300 - 333	-	-	-
Small Cities Assistance	Agency	68400 - 333	4,600,587	-	4,600,587
Motor Transportation	Agency	70600 - 333	145,000	-	145,000
Local Liquor Excise Tax	Agency	70900 - 333	112,200	-	112,200
Unclaimed Property Suspense Fund	Agency	71000 - 333	7,823,441	-	7,823,441
Oil & Gas Ad Valorem	Agency	71300 - 333	(333)	-	(333)
Ad Valorem Equipment	Agency	71500 - 333	1,044	-	1,044
Income Tax Suspense Fund	Agency	81900 - 333	(61,319)	-	(61,319)
Transportation & Motor Vehicle	Agency	82500 - 333	27,762,427	-	27,762,427
Unidentified Remittances	Agency	82700 - 333	9,964	-	9,964
Enhanced 911 Surcharge	Agency	82800 - 333	73,733,477	-	73,733,477
Delinquency List Suspense	Agency	83000 - 333	5,038,364	-	5,038,364
Worker's Compensation	Agency	83100 - 333	501,655	-	501,655
CRS (TAA) Suspense Fund	Agency	83200 - 333	479,624,450	-	479,624,450
Oil and Gas Accounting	Agency	83300 - 333	85,725,977	-	85,725,977
<b>Total fiduciary funds</b>			<b>672,590,879</b>	<b>-</b>	<b>672,590,879</b>
<b>Total interest in the State General Fund Investment Pool</b>			<b>\$ 716,222,809</b>	<b>-</b>	<b>716,222,809</b>

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF CASH BALANCES (CONTINUED)  
JUNE 30, 2016

Cash in Banks

As of June 30, 2016, reconciled motor vehicle field office cash in banks (checking accounts) totaled \$53,479 as follows:

Name of Depository Bank	Account Name	Balance per Financial Statements	Bank Balance
The First Natl Bank of New Mexico (Nara Visa)	NM Taxation & Revenue Department	\$ 2,678	2,678
Farmers & Stockmens Bank (Clayton MVD)	NM Taxation & Revenue Department	2,872	2,872
Farmers & Stockmens Bank (Clayton POE)	NM Taxation & Revenue Department	723	723
Western Bank (Lordsburg MVD)	NM Taxation & Revenue Department	2,737	2,737
Western Bank (Lordsburg POE)	NM Taxation & Revenue Department	44,469	44,469
<b>Total cash in banks</b>		<u>53,479</u>	<u>53,479</u>
Outstanding checks and adjustments		-	-
Petty Cash		1,550	
Cash on Hand - MVD Change Funds		<u>23,653</u>	
<b>Total cash on hand</b>		<u>25,203</u>	
<b>Total cash on hand and in banks</b>		<u>\$ 78,682</u>	<u>53,479</u>

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, 2016**

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-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-terminated in writing by the Office of the Governor	\$53,500
TRD/ADOT	ADOT	Joint Federal/State/Tribal Motor Fuel Tax Compliance Project	1/1/2013-Completion	N/A
TRD/AHO	Both	AHO continuing use of TRD's Mailroom Services	7/6/2015-7/5/2016	N/A
TRD/AHO	Both	AHO continuing use of TRD's IT Services	7/1/2015-6/30/2015	N/A
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
GSD/ISD	TRD	Daily after-hour remote server operational support	2/21/2003- Indefinitely	\$500.00 per month
TRD/RPD/HSD	All	SNAP flyer distribution with PIT refund warrants	(2/1-6/20 yearly)- indefinitely	N/A
TRD/LFC/DFA/DOT/UNM	TRD	State and Regional Forecasting Services	7/1/2014-6/30/2015	\$83,966
TRD/MVD/DHS/DOH/ALTSD/CYFD	All	Exchange of Information for the Deficit Reduction Action related to Medicaid and other public assistance programs	6/8/2006-Idelinitely	\$0
TRD/MVD/F.B.I.	MVD	F.A.C.E. Data base access	5/8/2013-Indefinitely	\$0
TRD/MVD/GSD/TSD	MVD	MVD database access-Undercover & street plate program	1/14/2013-Indefinitely	N/A
TRD/Los Alamos National Security, LLC. (LANL)	TRD	Filing Agreement	1/1/2014-12/31/2017	\$0
TRD/MVD/AHO	All	Access & use of TRD/MVD facilities & equipment	7/6/2015-7/5/2016	N/A
TRD/MVD/New Mexico Donor Services	MVD	MVD database access for Donor Status	12/9/2014-Indefinitely	N/A
TRD/MVD/NMDOT	MVD	\$25.00 license plate fee for Route 66 Historic Preservation Fund	3/12/2007-Indefinitely	\$0
TRD/MVD/UNM CONTINUING EDUCATION	MVD	Tapestry training	1/22/2016-indefinitely	N/A
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

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/NMGCB	TRD	Dissemination of criminal history information on employees subject to the REAL ID Act	10/17/2012-Indefinitely	N/A
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
TRD/NMSLO/EMNRD	TRD	Shared responsibility of the ONGARD System	1/14/2004-Indefinitely	***
TRD/MVD/Retro: Relive the Route Committee	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	MVD	None for the Road testing program	7/2012-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



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
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
TRD/MVD/NMI/APSPD	NMI	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	NMI	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	NMI	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)	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/01/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Chaves County	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Colfax County	NMI	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	NMI	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	NMI	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	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/21/2011-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, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/Dona Ana County Assessor's Office	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/5/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Hidalgo County	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	1/26/2012-Indefinitely	Based on usage
TRD/MVD/NMI/NMDOT	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/5/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Otero County	NMI	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	NMI	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	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	3/9/2012-Indefinitely	Based on usage
TRD/MVD/NMI/Roosevelt County	NMI	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	NMI	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	NMI	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, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/San Miguel County	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/19/2011-Indefinitely	Based on usage
TRD/MVD/NMI/Sandoval County	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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	NMI	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)	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/17/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/ARCA, Christine Lawson	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/17/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/At Scene Investigations	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/21/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Bernalillo Academy	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	11/19/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Big Brothers Big Sisters of Northern NM	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	11/19/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Centrus Auto Finance, LLC.	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	2/6/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/David J. Aldrete, Attorney at Law	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/10/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Eaglemark Savings Bank	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/19/2011-Annual Renewal	Based on usage

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/NMI/El Paraiso Management Services	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	11/19/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Envirotech, Inc.	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/30/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Griego & Guggino	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	2/20/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Heritage Home Healthcare Services, Inc.	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	10/18/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/High Desert Family Service, Inc. (HDFS)	NMI	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.	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	2/6/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/James B Ragan	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	5/5/2012-Annual Renewal	Based on usage
TRD/MVD/NMI/Los Poblanos Organics	NMI	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	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/16/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Progressive Insurance	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	9/29/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Su Vida Services, Inc.	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	11/14/2011-Annual Renewal	Based on usage
TRD/MVD/NMI/Thomas Management Group	NMI	NM Interactive Online User Access-Driver Monitoring, Driver History & Motor Vehicle Records	12/29/2011-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	MVD	Super Title Service Co Operations	11/5/2015-9/6/2016	\$0
TRD/MVD/Complete Compliance Services, LLC	MVD	Super Title Service Co Operations	11/24/2014-11/23/2018 Annual Renewal	\$0
TRD/MVD/COPART of Arizona, Inc.	MVD	Super Title Service Co Operations	11/21/2014-9/6/2016	\$0
TRD/MVD/NMIADA	MVD	Super Title Service Co Operations	12/2/2014-9/6/2016	\$0
TRD/MVD/Rapid MVD Services	MVD	Super Title Service Co Operations	11/21/2014-9/6/2016	\$0
TRD/MVD/Roadrunner MVD Services, LLC	MVD	Super Title Service Co Operations	1/13/2012-9/6/2016	\$0
TRD/MVD/Bernalillo County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/16/2012-Indefinitely	N/A
TRD/MVD/Catron County Treasurer	MVD	Data base access for property tax liens on manufactured homes	9/3/2014-Indefinitely	N/A
TRD/MVD/Chaves County Treasurer	MVD	Data base access for property tax liens on manufactured homes	7/30/2012-Indefinitely	N/A
TRD/MVD/Colfax County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/Curry County Treasurer	MVD	Data base access for property tax liens on manufactured homes	1/13/2012-Indefinitely	N/A
TRD/MVD/Don Ana County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Eddy County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Grant County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Harding County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Hidalgo County Treasurer	MVD	Data base access for property tax liens on manufactured homes	8/8/2013-Indefinitely	N/A
TRD/MVD/Lea County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Lincoln County Treasurer	MVD	Data base access for property tax liens on manufactured homes	5/18/2012-Indefinitely	N/A
TRD/MVD/Los Alamos County Treasurer	MVD	Data base access for property tax liens on manufactured homes	6/20/2016-indefinitely	N/A
TRD/MVD/Los Alamos County	MVD	Data base access for property tax liens on manufactured homes	4/2/2012-Indefinitely	N/A
TRD/MVD/Luna County Treasurer	MVD	Data base access for property tax liens on manufactured homes	8/11/2014-Indefinitely	N/A
TRD/MVD/McKinley County Treasurer	MVD	Data base access for property tax liens on manufactured homes	4/2/2012-Indefinitely	N/A
TRD/MVD/Otero County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Quay County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Rio Arriba County Treasurer	MVD	Data base access for property tax liens on manufactured homes	1/5/2012-Indefinitely	N/A
TRD/MVD/Roosevelt County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/San Juan County Treasurer	MVD	Data base access for property tax liens on manufactured homes	No date on document	N/A
TRD/MVD/San Miguel County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/21/2013-Indefinitely	N/A
TRD/MVD/Sandoval County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Santa Fe County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/22/2011-Indefinitely	N/A
TRD/MVD/Sierra County Treasurer	MVD	Data base access for property tax liens on manufactured homes	12/29/2011-Indefinitely	N/A
TRD/MVD/Socorro County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Taos County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Torrance County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Valencia County Treasurer	MVD	Data base access for property tax liens on manufactured homes	2/8/2012-Indefinitely	N/A
TRD/MVD/Central New Mexico Comm College	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Dona Ana Comm. College Los Cruces	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Eastern NM University-Roswell	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/Operating Engineers Local #953	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/NM State University Carlsbad	MVD	3rd party testing of CDL Applicants	3/17/2014-6/30/2017	\$0

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/The New Mexico Junior College (Hobbs)	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/The NMDOT (Highway Department)	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/The San Juan Community College	MVD	3rd party testing of CDL Applicants	7/11/2013-6/30/2017	\$0
TRD/MVD/The State of NMPED	MVD	3rd party testing of CDL Applicants	7/1/2013-6/30/2017	\$0
TRD/MVD/505 SF's School of Driving	MVD	Driver Testing Agreement	10/29/14-10/28/2018	\$0
TRD/MVD/A Advance Driving School	MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/A+ Driving School	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/ABC Driver's Education	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/ABC Tierra Encantada	MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/ABQ Driving School	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Achievement Driving School	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Advanced Driving School	MVD	Driver Testing Agreement	11/20/2012-11/19/2016	\$0
TRD/MVD/Albuquerque Job Corps Center	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Artesia Public Schools	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Best Price Driving School	MVD	Driver Testing Agreement	10/31/2013-10/30/2017	\$0
TRD/MVD/Bradley School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Chamisa School of Driving, LLC	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Coach Al's Driving School, LLC	MVD	Driver Testing Agreement	2/6/2013-2/5/2017	\$0
TRD/MVD/Coach's School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/CRASH Course	MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/Drive Tech Albuquerque, LLC	MVD	Driver Testing Agreement	3/12/2014-3/11/2018	\$0
TRD/MVD/Drive Tech Driver Education, LLC	MVD	Driver Testing Agreement	3/3/2014-3/2/2018	\$0
TRD/MVD/Drive Tech School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Driving Services, Inc. dba McGinnis School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Driving to Independence	MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/Excel Driving School, LLC	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Garley's School of Driving	MVD	Driver Testing Agreement	10/31/2012-10/30/2016	\$0
TRD/MVD/GT3 School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Jenkins Drivers Ed	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Larrabee's School of Driving	MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/LTD School of Driving, Inc.	MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/Mi Tierra Driving School	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/New Mexico Academy of Driving	MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/New Mexico Junior College	MVD	Driver Testing Agreement	10/24/2012-10/23/2016	\$0
TRD/MVD/New Start Driving School, LLC. Inc.	MVD	Driver Testing Agreement	8/7/2014-8/6/2018	\$0
TRD/MVD/Northern Rio Grande Driving School	MVD	Driver Testing Agreement	9/28/2012-9/27/2016	\$0
TRD/MVD/Old School of Driving, Inc.	MVD	Driver Testing Agreement	7/3/2014-7/2/2018	\$0
TRD/MVD/Portales Driving School	MVD	Driver Testing Agreement	9/26/2013-9/25/2017	\$0
TRD/MVD/Premier School of Driving, LLC	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Pro Force Academy	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Rocky Mountain Training Services	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Roswell Job Corps Center	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/Sierra Driving School	MVD	Driver Testing Agreement	12/19/2012-12/18/2016	\$0
TRD/MVD/State School of Driving	MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/Street Smarts Driving School	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/T&R School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/T.J. McGinnis School of Driving LTD, Co.	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Teppesco 2	MVD	Driver Testing Agreement	9/4/2014-9/3/2018	\$0
TRD/MVD/Teppesco Driving School LLC.	MVD	Driver Testing Agreement	10/22/2012-10/21/2016	\$0
TRD/MVD/The Cadillac School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/The Wright Way Driving School	MVD	Driver Testing Agreement	9/13/2012-9/12/2016	\$0
TRD/MVD/TLC Defensive Driving Schools	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/Turner's School of Driving, Inc.	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/XLR8 School of Driving	MVD	Driver Testing Agreement	9/4/2012-9/3/2016	\$0
TRD/MVD/City of Anthony	MVD	Motor Vehicle Service Provider	9/1/2015-8/31/2019	\$0
TRD/MVD/City of Aztec	MVD	Motor Vehicle Service Provider	5/25/2014-5/24/2018	\$0
TRD/MVD/City of Bayard	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Bloomfield	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Deming	MVD	Motor Vehicle Service Provider	5/20/2010-5/19/2014	\$0
TRD/MVD/City of Eunice	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Hobbs	MVD	Motor Vehicle Service Provider	3/29/2010-3/28/2018	\$0
TRD/MVD/City of Jal	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Lovington	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/City of Rio Rancho	MVD	Motor Vehicle Service Provider	3/25/2012-3/24/2016	\$0
TRD/MVD/City of Santa Rosa	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/ County of Eddy	MVD	Motor Vehicle Service Provider	3/5/2009-3/4/2017	\$0
TRD/MVD/Kirtland AFB	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Mora County	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Bernalillo	MVD	Motor Vehicle Service Provider	1/9/2009-1/8/2017	\$0
TRD/MVD/Town of Carrizozo	MVD	Motor Vehicle Service Provider	3/6/2009-3/5/2017	\$0
TRD/MVD/Town of Dexter	MVD	Motor Vehicle Service Provider	1/9/2009-1/8/2017	\$0
TRD/MVD/Town of Estancia	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Mountainair	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Town of Red River	MVD	Motor Vehicle Service Provider	12/26/2012-12/25/2016	\$0
TRD/MVD/Town of Tatum	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Angel Fire	MVD	Motor Vehicle Service Provider	12/26/2012-12/25/2016	\$0
TRD/MVD/Village of Chama	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Cloudcroft	MVD	Motor Vehicle Service Provider	1/15/2013-1/14/2017	\$0
TRD/MVD/Village of Corona	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Cuba	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Fort Sumner	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Hatch	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Jemez Springs	MVD	Motor Vehicle Service Provider	8/9/2012-8/8/2016	\$0
TRD/MVD/Village of Logan	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
TRD/MVD/Village of Loving	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Melrose	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Pecos	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/Village of Questa	MVD	Motor Vehicle Service Provider	3/9/2009-3/8/2017	\$0
TRD/MVD/Village of Roy	MVD	Motor Vehicle Service Provider	7/11/2014-7/10/2018	\$0
TRD/MVD/Village of Tijeras	MVD	Motor Vehicle Service Provider	5/1/2014-4/30/2018	\$0
TRD/MVD/Village of Tularosa	MVD	Motor Vehicle Service Provider	3/21/2013-3/20/2017	\$0
TRD/MVD/Village of Wagon Mound	MVD	Motor Vehicle Service Provider	12/26/2008-12/25/2016	\$0
TRD/MVD/White Sands Missile Range	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	Gasoline Taxes within Tribal Lands	2/2006-Indefinitely	\$0
TRD/Navajo Tax Commission (ONTC)	TRD	Exchange of Tax Related Information	3/9/2004-Indefinitely	\$0
TRD/Ohkay Owingeh	TRD	Exchange of Tax Related Information	1/1/2009-12/31/2018	\$0
TRD/Pueblo de Cochiti Division of Revenue	TRD	Exchange of Tax Related Information	3/27/2006-3/26/2016	\$0
TRD/Pueblo of Laguna Tax Administration	TRD	Exchange of Tax Related information	4/8/2002-4/7/2022	\$0
TRD/Pueblo of Nambe Tax Authority	TRD	Exchange of Tax Related Information	5/1/2002-4/30/2022	\$0
TRD/Pueblo of Picuris	TRD	Exchange of Tax Related Information	7/1/2010-6/30/2020	\$0
TRD/Pueblo of Pojoaque Tax Commission	TRD	Exchange of Tax Related Information	4/19/2008-4/18/2018	\$0
TRD/Pueblo of Tesuque	TRD	Exchange of Tax Related Information	7/1/2011-6/30/2021	\$0
TRD/Pueblo of Zuni	TRD	Exchange of Tax Related Information	10/25/1999-Indefinitely	\$0
TRD/Sandia Pueblo Tax Administrator	TRD	Exchange of Tax Related Information	7/24/2002-7/23/2022	\$0
TRD/Santa Clara Pueblo Tax Commission	TRD	Exchange of Tax Related Information	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	5/17/2007-5/16/2017	\$0
TRD/Taos Pueblo	TRD	Exchange of Tax Related Information	10/15/2007-10/14/2017	\$0
TRD/The Jicarrilla Apache Revenue & Tax Dept.	TRD	Exchange of Tax Related Information	1/1/2005-12/31/2014	\$0
TRD/The 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



**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2016**

Participants	Administrative Agency	Description	Date of Agreement	Amount
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
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				

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES  
EXCEEDING \$60,000 (EXCLUDING GRT) - UNAUDITED  
Year Ended June 30, 2016

<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>
60-33300-16-18485	Sole Source	Fast Enterprises, LLC.	\$4,332,500.00		Fast Enterprises LLC 6400 Fiddlers Green Cir. Ste 1500 Greenwood Village, CO 80111	N	N/A	Implementation of Gentax Severance Tax Module
60-33300-16-18493	Sole Source	Fast Enterprises, LLC.	\$3,237,761.73		Fast Enterprises LLC 6400 Fiddlers Green Cir. Ste 1500 Greenwood Village, CO 80111	N	N/A	functionality of Gentax & associated tax programs
20-333-00-11763	RFP	Fast Enterprises, LLC.	\$1,680,000.00	\$454,912.52	Fast Enterprises LLC 6400 Fiddlers Green Cir. Ste 1500 Greenwood Village, CO 80111	N	N/A	MVD IRP/IFTA System
30-333-12-12463	RFP	Fast Enterprises, LLC.	\$21,332,000.00	\$3,538,230.60	Fast Enterprises LLC 6400 Fiddlers Green Cir. Ste 1500 Greenwood Village, CO 80111	N	N/A	Tapestry MVD re-engineering project
60-333-15-17496	Sole Source	Xerox State and Local Solutions	\$404,148.00		Xerox State and Local Solutions 101 North 1st Avenue, Ste. 220 Phoenix, AZ 85003	N	N/A	Maintenance and support of the MVD Call Center
60-333-16-18477	Sole Source	Meyercord Revenue Inc.	\$113,610.00		Meyercord Revenue Inc. 475 Village Dr. Carol Stream, IL 60188	N	N/A	Cigarette Stamps
10-333-00-09259	RFP	Waldale Manufacturing, Ltd	\$3,334,734.00	\$953,867.00	Waldale Manufacturing, Ltd. 17 Tantramar Crescent Amherst, NS, B4H 4J6		N/A	Vehicle License Plates

**SINGLE AUDIT**

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

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		\$ 1,543,035
<b>Total US Department of Interior</b>			<b>1,543,035</b>
US Department of Transportation: CDL Project & Administration	20.232		182,317
Passed through Arizona Department of Transportation/ Federal/State Motor Fuel Tax Compliance Grant	20.240	MFTE011	570
<b>Total US Department of Transportation</b>			<b>182,887</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,725,922</b>

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

**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, 2016. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Taxation and Revenue Department has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3. NON-CASH ASSISTANCE**

The Department did not receive any Federal non-cash assistance in fiscal year 2016.

**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  
New Mexico Taxation and Revenue Department  
Honorable Susana Martinez, Governor  
Timothy M. Keller, New Mexico State Auditor  
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, the general 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, 2016, 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 as supplementary information, and have issued our report thereon dated November 28, 2016.

**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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, listed as item 2016-001, to be a material weakness.

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, listed as item 2016-006, to be a significant deficiency.

### **Compliance and Other Matters**

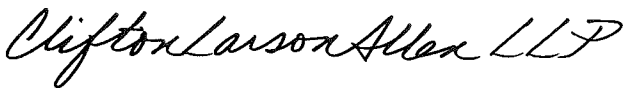
As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2016-002, 2016-003, 2016-004 and 2016-005.

### **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, NM  
November 28, 2016





CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the New Mexico Taxation and Revenue Department's (Department) compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Departments' 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, 2016.



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

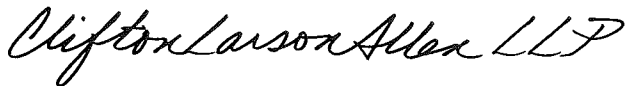
### **Report on Internal Control Over Compliance**

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 the Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, NM  
November 28, 2016

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2016**

2013-001 (Renumbered as 2016-002) Information Technology –  
ONGARD Controls.....Repeated

2013-003 (Renumbered as 2016-003) Information Technology –  
Overall IT Controls.....Repeated

2014-001 (Renumbered as 2016-004) Untimely Deposits.... Repeated and Modified

2014-003 (Renumbered as 2016-005) Use of State Issued  
Gas Credit Cards .....Repeated and Modified

2015-001 (Renumbered as 2016-006) Financial Review Process .....Repeated and  
Modified

2015-002 (Original Finding Number 2014–005) Federal Finding –  
Allowability – Time and Effort Payroll Certification.....Resolved

2015-003 Federal Finding – Procurement – Suspension and Debarment.....Resolved

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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 2 CFR 200.516(a)?  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

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

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, 2016

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**2016-001 Internal Controls Over Capital Assets (Material Weakness)**

**CONDITION:** During testwork over capital assets, we noted the following:

- Salaries and benefits for employees who worked on the application development phase of the Tapestry Vehicle System were not capitalized in FY15. This resulted in a restatement of capital assets, net of \$1,790,327, as these costs were improperly expensed in FY15.
- Salaries and benefits for employees who worked on the application development phase the Tapestry Driver System and ONGARD Modernization Project were not properly identified by the Department as construction in process (CIP) additions. This resulted in reclassification of \$2,178,509 of salaries and benefit expenses to CIP additions for FY16
- Assets were removed from the capital asset listing, however the assets were not physically removed from the Department's custody. The Department did not notify the NM Office of the State Auditor prior to removing from its capital asset listing.

**CRITERIA:** 2.20.1.15 states that "each agency shall establish controls over its fixed assets for the primary purposes of safeguarding them and establishing accountability for their custody and use." Under GASB 51, salaries and benefits related to certain phases of internally generated software should be capitalized.

**EFFECT:** Restatement of opening balances, potential misstatement of financial statements and non-compliance with state statutes.

**CAUSE:** The controls over asset disposal and CIP identification processes were not effective. During the assessment of GASB 51, there was a misinterpretation of capitalizing salaries and benefits.

**RECOMMENDATION:** We recommend the Department implement procedures to identify and track capitalizable employee costs related internally generated software, in accordance with GASB, *Accounting and Financial Reporting for Intangible Assets*. Additionally, the Department should modify its procedures to ensure timely disposal of assets in accordance with statutory requirements.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-001 Internal Controls Over Capital Assets (Material Weakness) (Continued)**

**MANAGEMENT'S RESPONSE:** This finding was identified during the FY16 audit although the same projects were in place in prior years. The agency will track all capitalized employee costs going forward and determine what will need to be capitalized. The state SHARE HCM system is implementing a POSITIVE TIME time keeping system in April of 2017 which will allow us to track more accurately. ASD will work with HR to put a process in place. The agency has implemented a monthly process to track labor and benefits by employee working on all current special projects. The CFO, Financial Services Bureau Chief and General Ledger accountant will be responsible to ensure the information is gathered monthly going forward effective 11/16.

**2016-002 (Previously 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 selected the GenTax system to replace the Severance Tax functionality now contained in the ONGARD system. The GenTax system is currently in use for all other TRD tax programs and it will provide the required permanent transaction log once implemented. The target implementation date for Severance tax in GenTax is October 2017.*

**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.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-002 (Previously 2013-001) Information Technology – ONGARD Controls (Other Non-Compliance) Repeated and Modified (Continued)**

**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.

**MANAGEMENT'S RESPONSE:** The hybrid approach (split ONGARD into two systems—Severance Tax and Royalty) to replace ONGARD is well underway. The 2016 legislature approved an appropriation to complete the replacement of the ONGARD system with two Commercial Off the Shelf (COTS) systems. TRD has selected GenTax, the system of record for all other tax programs. The State Land Office is in the process of issuing a RFP for a replacement system. The TRD GenTax implementation is currently scheduled for October 2017. Both projects are scheduled for completion by June 2018. The ONGARD Project manager will be responsible for insuring that schedule is met and the system is compliant.

**2016-003 (Previously 2013-003) Information Technology – Overall IT Controls (Other Non-Compliance) 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 Taxation and Revenue department is in the process of revising our vendor management policies to reflect the need to be informed on issues such as business continuity and disaster readiness. These requirements can be worked into a functional Service Level Agreement (SLA) with the Department of Information Technology (DoIT). This process is under way and scheduled for completion in Qtr. 1 CY 17.*

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-003 (Previously 2013-003) Information Technology – Overall IT Controls (Other Non-Compliance) Repeated and Modified (Continued)**

**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.”

**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:** The Taxation and Revenue Department is revising its vendor management policies to address shortcomings in respect to DoIT’s handling of disaster recovery. This process is under way and scheduled for completion in Qtr. 1 CY 17. The Department of Information Technology (DoIT) has an alternate site in Las cruces for Mainframe failover and DoIT is in the process of moving it’s secondary SHARE infrastructure to an alternate facility in Albuquerque (Oso Grande). The Agency CIO will be responsible for insuring that the disaster recovery plan and processes are in place based on schedule.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-004 (Previously 2014-001) Untimely Deposits (Non-Compliance) Repeated and Modified**

**CONDITION:** During our testwork of 8 cash receipt packets from MVD Field offices across the state, we noted three instances in which 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 continues to look for solutions to assist in meeting the requirement. Due to the rural nature of parts of the state, it is sometimes difficult to meet the requirements. We continue to explore solutions in these areas. The Agency CFO working with the Division Director will explore issues and find solutions to the untimely deposits. CFO will contact DFA in the first quarter of 2017 to discuss solutions through Wells Fargo using automated deposits.*

**CRITERIA:** Pursuant to Section 66-6-22.1 NMSA and state statute, 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.

**MANAGEMENT'S RESPONSE:** The agency continues to explore new processes, including software and hardware to ensure that compliance with the deposit rule can be complied with. We do not recommend pursuing legislation as only a few offices (approximately 6), are non-compliant. Legislation would have to be narrowed down to identify offices. The Agency CFO working with the Division Director will explore issues and find solutions to the untimely deposits. CFO will contact DFA in the first quarter of 2017 to discuss solutions through Wells Fargo using automated deposits.



STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-005 (Previously 2014-003) Use of State Issued Gas Credit Cards (Non Compliance) Repeated and Modified**

**CONDITION:** During testwork over gas cards, we identified 7 instances where a fuel type other than regular unleaded was purchased and 1 instance in which an oil change was purchased; these unallowable purchases amounted to approximately \$52.

*Management's Progress for Repeat Finding 2014-003: The Agency has continually informed employees on the requirement to use unleaded regular fuel. The agency had labeled and identified the requirement for the use of "Unleaded Regular Gasoline" only on all documentation assigned to the vehicle so that employees are aware of the requirement. The account is reconciled monthly, violations identified and researched. Per the vendor, there is an issue between the vendor system and the individual fuel station. At times the receipt will read regular unleaded with the associated price; however, when the monthly bill is received there are instances where a regular unleaded purchase is identified as premium. It can only be correct by sending copies to the vendor to edit the report. As an agency we are noting the issue as part of our file. If there is a true violation of the policy, the Division Director is notified for review and action.*

**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.

**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.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-005 (Previously 2014-003) Use of State Issued Gas Credit Cards (Non Compliance) Repeated and Modified (Continued)**

**MANAGEMENT'S RESPONSE**

The Administrative Services Division through the vehicle coordinator continually reminds employees of the use of regular unleaded fuel only. Each vehicle folder is labeled identifying the use of "Unleaded Regular Fuel" only. The Financial Services Bureau vehicle coordinator reviews the Wex fuel statement monthly, 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. 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 copies of the fuel receipt to Wex. The price of fuel has been verified as "Unleaded Gasoline." The Agency continues to monitor, report and inform all NM Taxation and Revenue Department employees of the requirement that unleaded fuel only is allowed. The CFO will continue to work with staff and employees to comply with the fuel card policy. ASD continues to notify Division Directors for action on policy enforcement.

**2016-006 (Previously 2015-001) Financial Review Process (Significant Deficiency) Repeated and Modified**

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

- We noted a journal entry impacting the general fund was not properly posted, resulting in understated revenues and assets of \$308,567.
- During our review of MVD (Tapestry) distributions to local governments, we noted that monthly reconciliations between Tapestry and SHARE were not made timely. This resulted in underpayment to local governments of \$13,350.95. This underpayment was corrected by the Department on September 9, 2016.

STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-006 (Previously 2015-001) Financial Review Process (Significant Deficiency)  
Repeated and Modified (Continued)**

**CONDITION (CONTINUED):**

*Management's Progress for Repeat Finding 2015-001: With the new Bureau Chief and staff, we have implemented a monthly full reconciliation schedule and monthly meeting of FSB Bureau Chief, CFO and staff to review the trial balance and general ledger activity monthly to ensure all postings are correct and any mis-postings are identified and adjusted through journal entry immediately.*

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

**EFFECT:** Misstatement of financial statements if entry was not corrected. Distributions to fee agents were misstated before correction. 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:** With a new full-time Bureau Chief, a monthly review process has been put into place to review the general ledger detail, trial balance and all reconciliations that will be done timely and reviewed for accuracy. The Financial Services Bureau Chief is responsible along with the General Ledger Accountant in preparing reports to review general ledger, trial balance and all reconciliations monthly effective immediately. The Financial Distributions Bureau Chief as well will be responsible in insuring that monthly reviews are completed immediately going forward.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016**

**C. FEDERAL AWARD FINDINGS**

There were no Federal Award findings for the year ended June 30, 2016.

**STATE OF NEW MEXICO  
TAXATION AND REVENUE DEPARTMENT  
EXIT CONFERENCE  
JUNE 30, 2016**

An exit conference was held with the State of New Mexico Taxation and Revenue Department (Department) on November 28, 2016. 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 & CFO  
Arianna Burger, Financial Services Bureau Chief  
Raja Sambandam, Chief Security Officer  
Janelle Johnson, Senior Analyst, Office of the State Auditor  
Emily Oster, Director of Compliance and Quality Control, Office of the State Auditor

**FOR CLIFTONLARSONALLEN, LLP:**

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

The Financial Statements were prepared by the Department with assistance from the IPA.