

# **STATE OF NEW MEXICO**

# **COMPREHENSIVE**

# **ANNUAL FINANCIAL**

# **REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2013**



**SUSANA MARTINEZ, GOVERNOR**

THOMAS E. CLIFFORD, PH.D.  
CABINET SECRETARY

RICKY A. BEJARANO, CPA  
DEPUTY CABINET SECRETARY/STATE CONTROLLER

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# INTRODUCTORY SECTION



ALBUQUERQUE HOT AIR BALLOON FESTIVAL  
SOURCE - [WWW.RSVLTS.COM](http://WWW.RSVLTS.COM)

June 29, 2014

To the Honorable Governor Susana Martinez, the New Mexico State Legislature,  
and the Citizens of the State of New Mexico:

In accordance with the provisions of Chapter 6-5-4.1 of the New Mexico Statutes Annotated 1978, we transmit the State of New Mexico's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Statewide Financial Reporting and Accounting Bureau of the Department of Finance and Administration Financial Control Division prepared this report.

This purpose of the CAFR is to present the financial position and operating results of the State under generally accepted accounting principles (GAAP) applicable to State and local governments, as established by the Governmental Accounting Standards Board (GASB). In addition to providing traditional fund financial statements, the objective of this reporting model is to provide a single, unified, transparent picture of the State's fiscal health; the CAFR displays all of the State's revenues, expenses, assets and liabilities. The report also includes a Management's Discussion and Analysis section, to provide users with an objective and easy-to-read analysis of New Mexico's financial performance for the fiscal year ended June 30, 2013.

Section 12-6-3(A), NMSA 1978, in part, requires that, "The comprehensive annual financial report for the state shall be thoroughly examined and audited each year . . ." This sentence was added to the referenced section in 2003; however, this was the first year that the CAFR was audited since its inception.

The basic financial statements contained in this report have been audited by CliftonLarsonAllen, LLP, an independent accounting firm. Their audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS). The goal of an independent audit is to provide reasonable assurance that the State of New Mexico's basic financial statements for the fiscal year ended June 30, 2013 are free of material misstatement. Independent audit procedures include examining, on a test basis, supporting amounts and disclosures, assessing the accounting principles used, review of any significant estimates made by management and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal controls over financial reporting.

Regrettably, because of the significance of the matters described in the "Bases for Disclaimer of Opinion on All Opinion Units" paragraph in the Independent Auditors' Report, the independent auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, they do not express an opinion on the State's basic financial statements for the fiscal year ended June 30, 2013.

The basic financial statements include a Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The State of New Mexico's MD&A can be found immediately following the Independent Auditor's Report.

## **PROFILE OF STATE OF NEW MEXICO**

New Mexico became the forty-seventh state of the United States of America when it was admitted to the union in 1912. Its borders encompass 121, 598 square miles of the Great Plains, Rocky Mountains, and the Rio Grande River with elevations ranging from 2,842 to 13,161 feet above sea level. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production, mining and services. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. The State of New Mexico's estimated population is 2,085,287 as of July 2013.

**Structure** – New Mexico's government comprises three branches: executive, legislative, and judicial and are shown in the organizational chart on page xiii. The powers and duties of each branch of government are outlined in the Constitution of the State of New Mexico, which can be amended only by a majority vote of the State's citizens. In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, this CAFR for the fiscal year ended June 30, 2013 includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the executive branch, various offices relating to the judicial branch, the education institutions created by the *Constitution of the State of New Mexico, Article XII, Section 11*, and discrete component units of the State of New Mexico.

**Internal Controls** – In accordance with the provisions of Chapter 6-5-2.C of the New Mexico Statutes Annotated 1978, the Department of Finance and Administration Financial Control Division is responsible for ensuring government agencies have adequate internal controls in place. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the



safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that the cost of control should not exceed the benefits derived. The effectiveness and adequacy of internal controls are regularly evaluated by internal reviews performed by the Department of Finance and Administration Financial Control Division and external audits.

**Types and levels of services provided** – The State of New Mexico provides its citizens with the following governmental types of services: health and human services; education services; highway and transportation services; environmental services; public safety services; legislative services; judicial services; culture, recreation and natural resource services. The State of New Mexico also administers two cost-sharing multiple-employer public employees' retirement systems and three single employer public employee retirement systems.

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

## ECONOMIC CONDITIONS AND OUTLOOK

New Mexico's economy was negatively impacted by federal austerity measures in Fiscal Year 2013.

- Non-farm employment grew by only 0.4 percent. Private employment increased by 0.7 percent over the prior fiscal year, while government employment fell slightly.
- Taxable gross receipts, a broad-based measure of economic activity in the state and the base for one-third of New Mexico's state budget, grew at 2.4 percent in FY14, roughly half of the average historical rate. Recurring general fund revenues declined by 1.6 percent in Fiscal Year 2013 mainly due to the impacts of sequestration of federal procurement spending.
- Steady oil prices and new technologies encouraged increased oil production. However, booming supplies of natural gas depressed prices and slowed natural gas drilling. Although revenue from oil production has been increasing, total industry revenue is still down 24 percent from the peak reached in Fiscal Year 2008.

New Mexico's economy is expected to achieve modest growth in Fiscal Year 2014 as the housing market recovers and federal contractors adjust to new spending levels. Resolution of U.S. Congressional deadlock over budget issues and the federal debt ceiling provides greater certainty to businesses, which could encourage hiring and investment. The New Mexico economy is still threatened by lackluster job growth, however, and an overreliance on the government sector. Recurring revenue is expected to grow at 2.7 percent in Fiscal Year 2014.

The New Mexico economic recovery has struggled to gain traction as fiscal headwinds from federal spending cuts have sent the economy sideways. Moody's Analytics estimates New Mexico's real gross state product to have decreased at an annual rate of 0.1 percent in Fiscal Year 2013. Economic growth has been uneven, driven largely by oil and gas production and manufacturing activities with little growth in the retail sector and declines in professional services and government.

Growth in taxable gross receipts slowed in Fiscal Year 2013 as the economy languished under federal austerity. Retail sales growth, which represents the largest sector, grew by only 1.1 percent. Professional and business services saw a 4.6 percent decline. On the other hand, construction experienced positive gains for the first time since the Great Recession, growing 6.5 percent over Fiscal Year 2012.

The outlook for Fiscal Year 2014 assumes continued weakness resulting from federal sequestration. Gross receipts tax revenues are expected to increase by 3.1 percent in Fiscal Year 2014. Part of this growth is due to fewer claims for tax credits due to 2013 legislation. Total recurring revenue growth is expected to be 2.7 percent in Fiscal Year 2014 with much of the growth occurring in

mineral taxes, rents and royalties. New Mexico oil prices topped \$100 per barrel early in the Fiscal Year, while natural gas prices have benefited from sub-zero temperatures in the eastern half of the U.S. and the Midwest.

Moody's Analytics estimates that non-farm employment will grow by 0.5 percent in Fiscal Year 2014. New Mexico lost 50,000 jobs during the Great Recession and still remains 4.8 percent below the peak reached in Fiscal Year 2008. The mining, health, and hospitality sectors are the only industries in which employment has surpassed its previous peak. According to Moody's Analytics, New Mexico is not projected to regain jobs lost during the recession until Fiscal Year 2017.

Factors contributing positively to New Mexico's growth include an affordable housing stock, competitive wage scale and improving transportation infrastructure. In addition, major changes were made to the corporate income tax during the 2013 legislation that will phase in over the next several years. These changes will reduce corporate tax rates for all industries and allow reduced income apportionment for manufacturers. These measures are likely to encourage new business investment and economic growth, with positive long-term effects on state revenues. The state is already seeing a rapid increase of new investment along its southern border with Mexico, where logistics and transportation facilities are being expanded to accommodate rapid growth in manufacturing on both sides of the border.

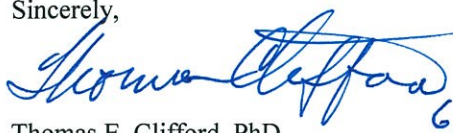
**LONG-TERM FINANCING PLANNING**

The State of New Mexico's Constitution and laws authorize the State to issue general obligation bonds, severance tax bonds and revenue bonds to finance or refinance the cost of State capital projects. General obligation bonds are secured by the full faith and credit of the State and payable from legally restricted revenues (collection of property taxes levied by local governments receiving the funding for capital projects). Payment of severance tax bonds are provided through the collection of severance taxes levied on the mining and production of various natural resources. The State pledges income derived from the related acquired or constructed asset to pay debt service for revenue bonds. The State continues to maintain a high bond rating from Moody's Investors Services and Standard and Poor's Corporation.

**ACKNOWLEDGMENTS**

The Department of Finance and Administration's executive management would like to recognize the efforts of the State Financial Reporting and Accounting Bureau.

Sincerely,

  
6/29/14

Thomas E. Clifford, PhD  
Cabinet Secretary

  
6/29/2014

Ricky A. Bejarano, CPA  
Deputy Cabinet Secretary/State Controller

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# STATE OF NEW MEXICO

## SELECTED STATE OFFICIALS

June 30, 2013

### Executive

**Susana Martinez, Governor**

**John A Sanchez, Lieutenant Governor**

<b>Dianna J. Duran</b> Secretary of State	<b>Hector H. Balderas</b> State Auditor	<b>James B. Lewis</b> State Treasurer	<b>Gary K. King</b> Attorney General	<b>Ray Powell</b> Commissioner of Public Lands
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- **Karen L. Montoya**, Public Regulation Commission • **Patrick H. Lyons**, Public Regulation Commission • **Valerie Espinoza**, Public Regulation Commission • **Theresa Becenti-Aguilar**, Public Regulation Commission • **Ben L. Hall**, Public Regulation Commission

### Judicial

<b>Petra Jimenez Maes</b> Chief Justice of the Supreme Court	<b>Barbara J. Vigil</b> Justice of the Supreme Court	<b>Charles W. Daniels</b> Justice of the Supreme Court	<b>Richard C. Bosson</b> Justice of the Supreme Court	<b>Edward L. Chavez</b> Justice of the Supreme Court
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- **Roderick T. Kennedy**, Chief Judge of the Court of Appeals • **Cynthia A. Fry**, Judge of the Court of Appeals • **James J. Wechsler**, Judge of the Court of Appeals • **Timothy L. Garcia**, Judge of the Court of Appeals • **Linda M. Vanzi**, Judge of the Court of Appeals • **Michael D. Bustamante**, Judge of the Court of Appeals • **J. Miles Hanisee**, Judge of the Court of Appeals • **Michael E. Vigil**, Judge of the Court of Appeals • **Jonathan B. Sutin**, Judge of the Court of Appeals • **Monica Zamora**, Judge of the Court of Appeals

### Legislative - Senate

<b>Mary Kay Papen</b> President Pro Tempore	<b>Michael S. Sanchez</b> Majority Floor Leader	<b>Stuart Ingle</b> Minority Floor Leader	<b>Timothy M. Keller</b> Majority Whip
<b>William H. Payne</b> Minority Whip	<b>Jacob R. Candelaria</b> Majority Caucus Chair	<b>Steven P. Neville</b> Minority Caucus Chair	

### Legislative – House of Representatives

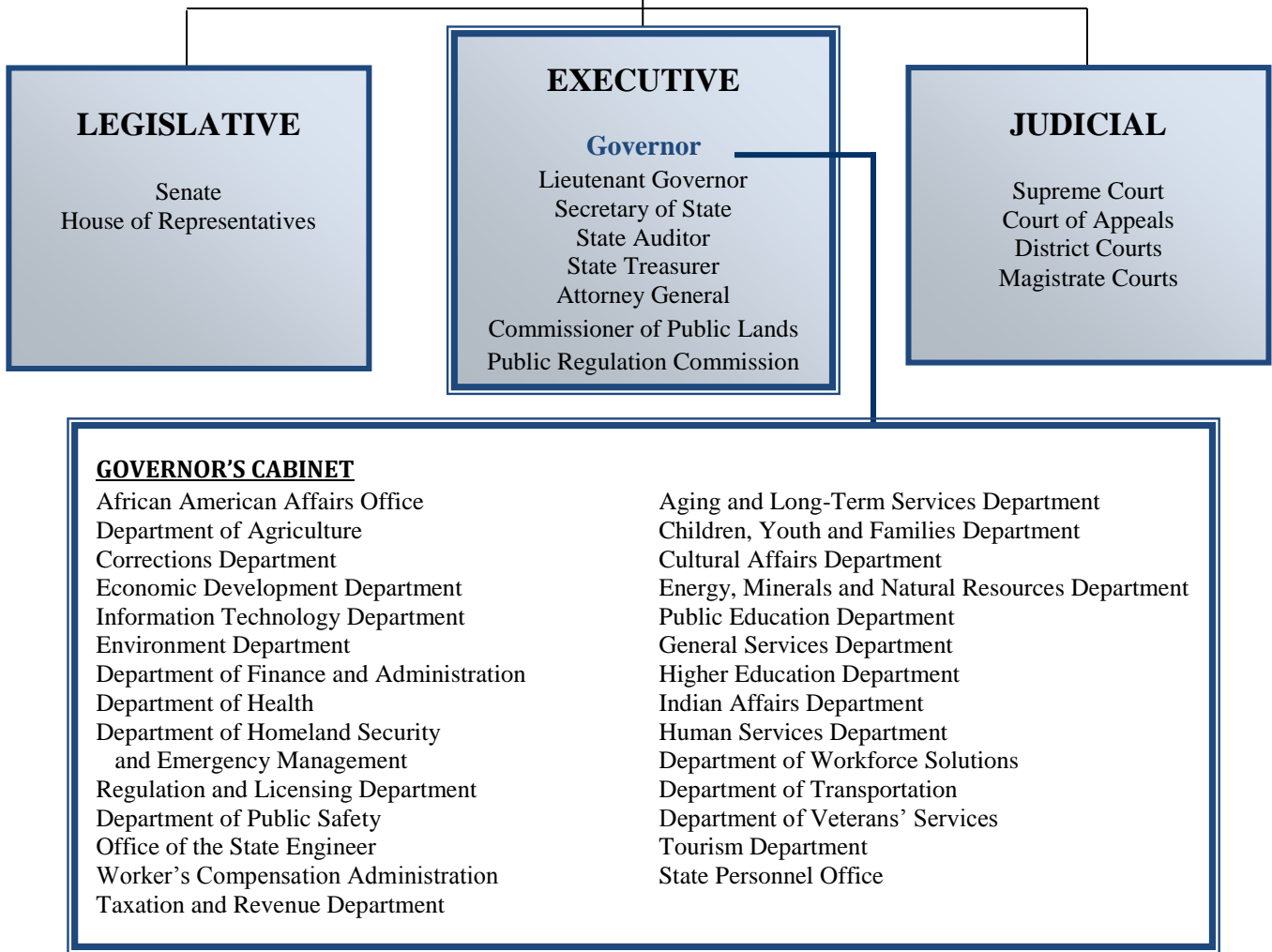
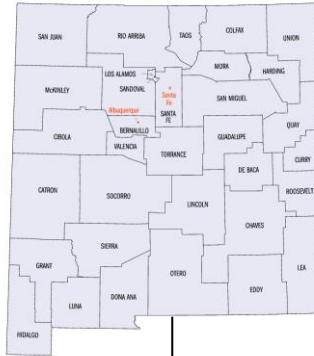
<b>W. Ken Martinez</b> Speaker of the House	<b>Rick Miera</b> Majority Floor Leader	<b>Donald E. Bratton</b> Minority Floor Leader	<b>Antonio “Moe” Maestas</b> Majority Whip
<b>Nate Gentry</b> Minority Whip	<b>Patricia A. Lundstrom</b> Majority Caucus Chair	<b>Alonzo Baldonado</b> Minority Caucus Chair	

# STATE OF NEW MEXICO

## ORGANIZATIONAL CHART

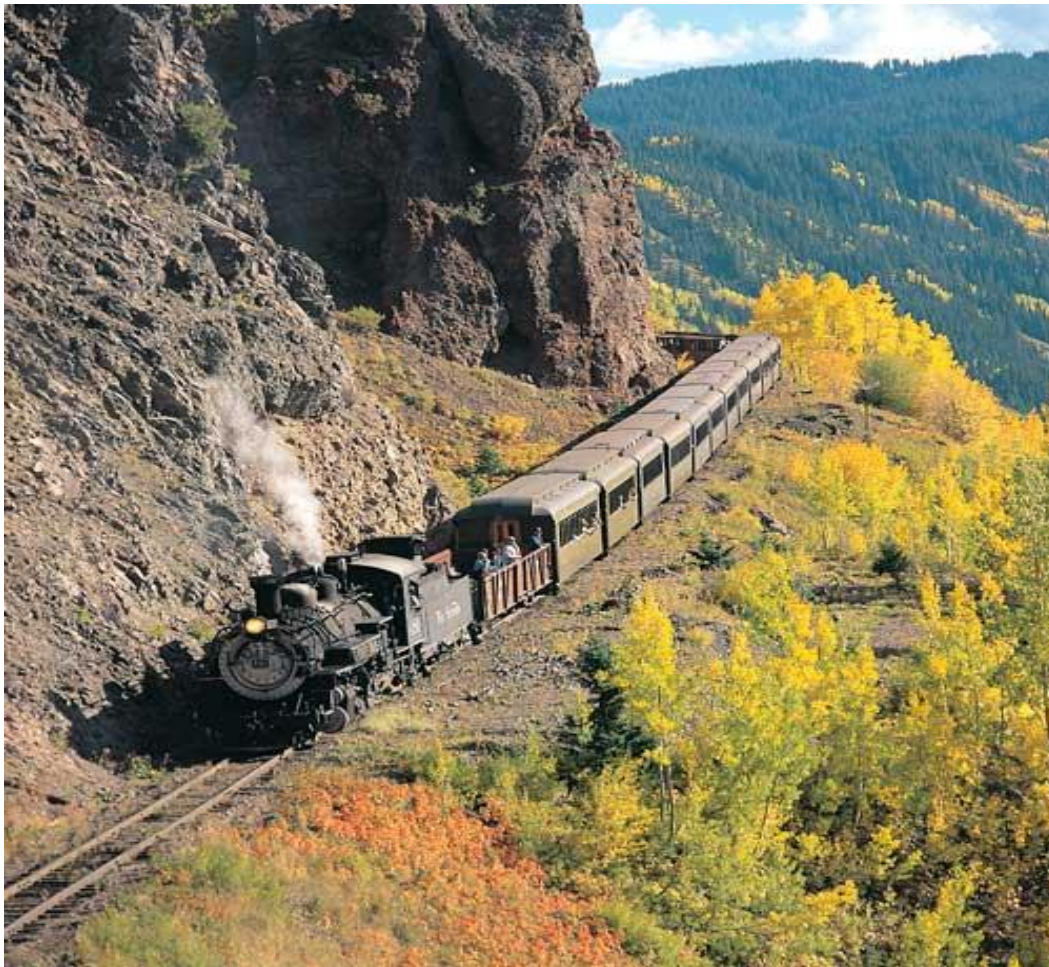
June 30, 2013

### Citizens of New Mexico



STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# FINANCIAL SECTION



CUMBRES TOLTEC RAILROAD  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Susana Martinez, Governor of the State of New Mexico  
Mr. Thomas Clifford, Ph.D., Secretary of the New Mexico Department of Finance  
and Administration,  
Mr. Ricky Bejarano, CPA, Deputy Secretary of the New Mexico Department of Finance  
and Administration and State Controller  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

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

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico (State), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the State's non-major governmental funds, non-major enterprise funds, internal service funds, and the budgetary comparisons for the non-major funds and each fiduciary fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, 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 conducting the 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. Because of the matters described in the "Bases for Disclaimer of Opinions on All Opinion Units" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Bases for Disclaimer of Opinions on All Opinion Units***

The following issues were encountered during our engagement to audit the financial statements of the State which detail the bases for disclaimer of opinions on all opinion units:

- The State lacks adequate controls and processes to properly consolidate all of the financial information for each audited component of the State into the financial statements in accordance with US GAAP. This includes the proper classification of all financial statement line items and the necessary consolidating and eliminating entries.
- The financial statements were not audited for the period ending June 30, 2012. As a result of this and the lack of controls and processes surrounding the financial reporting for the State, we were unable to obtain sufficient appropriate audit evidence for the opening fund balances and net position.
- The State has not evaluated all component level passed adjustments which may have been identified during the independent audit of each component, nor has the State identified and evaluated and/or disclosed all subsequent events and potential contingencies at the component or statewide level.
- The State has not completely reconciled all activity in the State General Fund Investment Pool (SGFIP) to include historical reconciling items. As a result, management is unable to provide sufficient appropriate audit evidence to support the SGFIP balances reported for each fund or the related opening fund balance or net position.
- The State has not performed a comprehensive analysis of the governmental fund type classifications for the funds that comprise the funds presented in the financial statements. There are numerous funds which were not classified in the financial statements fund structure in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
- The State is unable to provide sufficient appropriate audit evidence to support the interagency/interfund transactions, which in some cases could have an impact on various asset and liability line items as well as various revenue and expense line items.
- The State lacks adequate controls and processes to properly prepare and present all component units financial information from their respective audited financial statements to the CAFR financial statements. This includes the proper classification of all balance sheet line items and classification of revenues, expenses and general revenues, including proper classification/identification of amounts due from/to the primary government. In addition, the State has not presented or considered all known or potential component unit eliminating entries.
- The State's budgetary reporting policies state that only single year appropriations budget and actual activity should be presented. However, the budgetary comparisons incorrectly include various multi-year appropriations budget and actual activity. In addition, the State was unable to provide sufficient appropriate audit evidence to support the reported amounts for each budget line item.



As a result of these matters, we were unable to determine the extent of additional adjustments and reclassifications, which would be necessary to the financial statements.

### **Disclaimer of Opinions on All Opinion Units**

Because of the significance of the matters described in the “Bases for Disclaimer of Opinions on All Opinion Units” paragraph we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on the financial statements referred to in the first paragraph.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the Schedules of Funding Progress on pages 6-21 and 197-202 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 were unable to apply certain limited procedures to the required supplementary information 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, because of the matters described in the “Bases for Disclaimer of Opinions on All Opinion Units” paragraph. We do not express an opinion or provide any assurance on the information.

#### *Supplementary and Other Information*

We were engaged for the purpose of forming and expressing an opinion on the State’s financial statements, the combining and individual fund statements, and the budgetary comparisons. The introductory and statistical sections, Schedule of State General Fund Investment Pool (SGFIP) by Participant, and Schedule of Consolidated Investment Pool (CIP) are presented for purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matters discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2014 on our consideration of the State'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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

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

Albuquerque, New Mexico  
June 29, 2014

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### INTRODUCTION

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Management's discussion and analysis (MD&A) provides a discussion and analysis of the State of New Mexico's financial performance and position, and also provides an overview of the State's activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section. The MD&A has the following components: a) government-wide financial statements, (b) fund financial statements, (c) notes to the financial statements and (d) required supplementary information. The subsequent information is highly summarized, and in order to gain a comprehensive understanding of the State's financial condition it should be reviewed in its entirety. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL HIGHLIGHTS

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#### Government-wide

##### Net Position

- ✦ The assets of the State of New Mexico exceeded its liabilities by \$17 billion as of June 30, 2013, an increase of \$350.5 million, or 2.1 percent, from the previous year. The majority of the increase is primarily due to a decrease of \$339.4 million in long-term liabilities.
- ✦ The net position is comprised of \$7 billion in capital assets, net of related debt, \$6.9 billion in restricted, and \$3.1 billion in unrestricted.
- ✦ As a result of operations, the primary government's total net position increased by \$420.1 million, or 2.5 percent, in fiscal year 2013 when compared to the previous year's ending net position, as restated. The net position of governmental activities increased \$288.1 million, or 2.3 percent, from the previous year, while the net position of the business-type activities increased by \$132 million, or 3.1 percent, from the previous year.

##### Long-term Debt

- ✦ The State's long-term bonded debt decreased a net of \$215.8 million, or 5.6 percent, through the payment on the prior year balance exceeding the issuance of new bonds. During the year, the State issued bonds totaling \$468.7 million. More detailed information regarding the government-wide, fund level, and long-term debt activities can be found in the capital asset and debt administration section of this management's discussion and analysis (MD&A).

#### Fund Level

##### Governmental Funds

- ✦ As of June 30, 2013, the State's governmental funds reported a combined ending fund balance of \$7.8 billion, an increase of \$278.8 million, or 3.7 percent, from fiscal year 2012, primarily due to an increase in tax revenues. The State reported a positive unassigned fund balance of \$788 million in fiscal year 2013.

##### Proprietary Funds

- ✦ The proprietary funds reported net position of \$4.3 billion as of June 30, 2013, an increase of \$132 million, or 3.1 percent, from fiscal year 2012, primarily due to a decrease in operating expenses of \$105.8 million.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of this report is on reporting for the state as a whole and on the major individual funds. The report presents a more comprehensive view of the state's financial activities. The Financial Section of this Comprehensive Annual Financial Report (CAFR) presents the State's financial position and activities in four parts:

- Management's Discussion and Analysis (this part)
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- Required Supplementary Information other than MD&A
- Other Supplementary Information presenting combining statements and schedules

This report also includes statistical data.

### Reporting on the State as a Whole

#### Government-wide Statements

The government-wide financial statements are designed to present an overall picture of the financial position of the state. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all current year's revenues and expenses are included, regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private sector companies.

The statement of net position combines and consolidates the government's current financial resources with capital assets and long-term obligations. This statement includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. Net position represents one measure of the state's financial health. Other indicators of the state's financial health include the condition of its roads and highways (infrastructure) and economic trends affecting the state's future tax revenues.

The statement of activities focuses on both the gross and net cost of various activities (governmental, business-type and component units). These costs are paid by the state's tax revenues and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

The government-wide statement of net position and the statement of activities divide the state's activities into the following three types:

#### Governmental Activities

The state's basic services are reported here, including general government, education, transportation, health and human services, public safety and corrections, judicial, natural resources and recreation, legislative, and regulatory services. Taxes, fees and federal grants finance most of these activities.

#### Business-type Activities

Activities for which the state charges a fee to customers to pay most or all of the costs of certain services it provides are reported as business-type activities. The state's institutions of higher education are included as business-type

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

activities, as well as unemployment insurance, public schools insurance, medical centers, magazine publication, state fair, state infrastructure bank, environment department, corrections industries, and industries for the blind.

### Component Units

Component units are legally separate organizations for which the state is either financially accountable or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The state has seventy-five (75) discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and in the notes.

## **Reporting on the State's Most Significant Funds**

### **Fund Financial Statements**

Fund financial statements provide additional detail about the state's financial position and activities. Some information presented in the fund financial statements differs from the government-wide financial statements due to the perspective and basis of accounting used. Funds are presented in the fund-level statements as major or nonmajor based on criteria set by the Governmental Accounting Standards Board (GASB). A fund is a separate accounting entity with a self-balancing set of accounts. The state uses funds to keep track of sources of funding and spending related to specific activities. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

All of the State's funds are divided into the following types, each of which uses a different accounting approach:

### Governmental Funds

A majority of the state's activity is reported in the governmental funds. Reporting of these funds focuses on the flow of money into and out of the funds and amounts remaining at fiscal year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the state's general governmental operations and the basic services it provides. This information helps determine the level of resources available for the state's programs. The reconciliations following the fund financial statements explain the differences between the governmental activities column reported on the government-wide statement of net position and the government-wide statement of activities, and the governmental funds reported on the fund financial statements. The general fund, education, health and human services, transportation, appropriated bond proceeds capital outlay fund, and severance tax permanent fund are reported as major governmental funds.

### Proprietary Funds

When the state charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a component of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same business-type activities reported in the government-wide financial statements, but are reported here to provide information at the fund level. Activities whose customers are primarily other state agencies (e.g., motor pool) are accounted for in internal service funds. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

### Fiduciary Funds

Fiduciary funds account for assets held in a trustee or agency capacity for others. All state fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The activities are reported separately from other financial activities because the state cannot use the assets to finance its operations.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

The state's fiduciary responsibilities include ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis accounting.

### Reconciliation between Government-wide and Fund Statements

The financial statements include schedules that reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus).

The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are unearned revenue on the governmental fund statements.

### Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

### Required Supplementary Information (RSI)

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, the RSI includes schedules on the funded status and employer contributions for the State's Defined Benefit Pension Plans and Other Postemployment Benefits Plan. RSI further supports the information in the basic financial statements.

### Other Supplementary Information

Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary, and fiduciary funds. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the program level of the General Appropriation Acts.

## ADJUSTMENTS TO BEGINNING NET POSITION AND FUND BALANCES

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As discussed in Note 2.H.4, the State has restated certain July 1, 2012 Net Position and fund balances. Governmental activities net position and governmental fund balances were decreased by \$140.7 million to correct errors in certain previously reported revenue and expenditure accruals.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

#### Net Position

Total assets of the state as of June 30, 2013, were \$23.1 billion, an increase of \$23.7 million, or 0.1 percent. Total liabilities as of June 30, 2013 were \$ 6.1 billion, a decrease of \$326.9 million, or 5.1 percent. Net position was affected by a number of factors. Current investments increased by \$55.4 million and noncurrent investments increased by \$374 million. Current liabilities increased by \$12.5 million, while noncurrent liabilities decreased by \$339.4 million. The state's bonded indebtedness decreased by \$215.8 million due to retirements or refunds. The state's total net position increased \$420.1 million, or 2.5 percent, in fiscal year 2013, in comparison to the prior year, as restated. Of the state's net position, \$7.1 billion was invested in capital assets, net of related debt, while \$6.9 billion was restricted by state statute or other legal requirements and was not available to finance day-to-day operations of the state. Unrestricted net position was \$3.1 billion. The majority of the net position increase is primarily due to an increase of \$1.3 billion in expendable funds.

**State of New Mexico**  
**Net Position as of June 30,**  
*(Expressed in Thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012 as Restated</b>	<b>2013</b>	<b>2012, as Restated</b>	<b>2013</b>	<b>2012, as Restated</b>
Current and Other Assets	\$ 9,303,611	\$ 9,176,830	\$ 3,383,248	\$ 3,291,844	\$ 12,686,859	\$ 12,468,674
Capital Assets	8,072,991	8,268,335	2,341,117	2,340,291	10,414,108	10,608,626
Total Assets	<u>17,376,602</u>	<u>17,445,165</u>	<u>5,724,365</u>	<u>5,632,135</u>	<u>23,100,967</u>	<u>23,077,300</u>
Deferred Outflow of Resources	58,445	-	11,089	-	69,534	-
Current Liabilities	1,579,098	1,556,795	422,387	432,149	2,001,485	1,988,944
Long-term Liabilities	3,111,401	3,431,900	964,567	983,472	4,075,968	4,415,372
Total Liabilities	<u>4,690,499</u>	<u>4,988,695</u>	<u>1,386,954</u>	<u>1,415,621</u>	<u>6,077,453</u>	<u>6,404,316</u>
Deferred Inflows of Resources	-	-	-	-	-	-
Net Position:						
Net Investment in Capital Assets	5,552,572	6,463,198	1,507,921	1,488,738	7,060,493	7,951,936
Restricted	4,774,368	5,542,541	2,143,068	1,471,752	6,917,436	7,014,293
Unrestricted	2,417,608	450,731	697,511	1,256,024	3,115,119	1,706,755
<b>Total Net Position</b>	<u><b>\$ 12,744,548</b></u>	<u><b>\$ 12,456,470</b></u>	<u><b>\$ 4,348,500</b></u>	<u><b>\$ 4,216,514</b></u>	<u><b>\$ 17,093,048</b></u>	<u><b>\$ 16,672,984</b></u>
Percentage change in total net position from prior year	<u>2.3 %</u>		<u>3.1 %</u>		<u>2.5 %</u>	

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### Changes in Net Position

The state's net position as of June 30, 2013, increased by \$420.1 million. The state earned program revenues of \$9.3 billion and general revenues of \$7.1 billion, for total revenues of \$16.4 billion, an increase of \$467.5 million, or 2.9 percent, from fiscal year 2012. The major components of the increase were charges for services increased by \$191.8 million and investment income increased by \$643 million. These increases were offset by decreases in operating grants of \$90.8 million, a decrease of \$245.2 million in capital grants, and a decrease of \$109.4 million in tax revenues. The expenses of the state were \$16 billion, the same amount as fiscal year 2012. Further analysis of results of changes in the state's financial condition follows in the analysis of the state's funds. Net program expenses exceeded net program revenues by \$6.6 billion. The tax collections of the state provided additional funding, which when added to program revenues, supported payment for governmental services.

The following schedule and charts summarize the state's total revenues, expenses, and changes in net position for fiscal year 2013:



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

State of New Mexico  
Changes in Net Position  
for the Fiscal Year Ended June 30,  
(Expressed in Thousands)

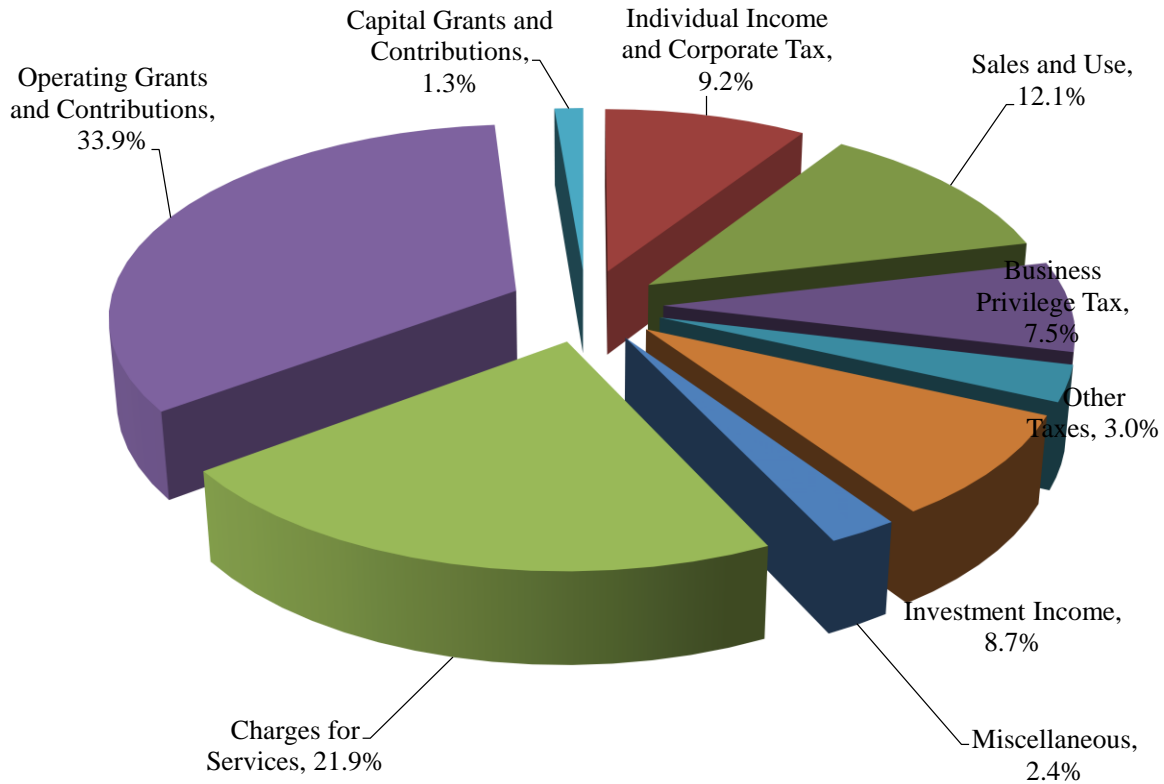
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2012 to 2013
	2012, as Restated		2012, as Restated		2012, as Restated		
	2013		2013		2013		
<b>Revenues</b>							
General Revenues:							
Taxes	\$ 5,235,265	\$ 5,344,629	\$ -	\$ -	\$ 5,235,265	\$ 5,344,629	(2.0) %
Other General Revenues	1,479,560	1,013,492	353,464	98,487	1,833,024	1,111,979	64.8 %
Program Revenues:							
Charges for Services	1,636,256	1,516,408	1,953,192	1,881,218	3,589,448	3,397,626	5.6 %
Operating Grants and Contributions	4,777,647	4,578,609	751,861	1,041,706	5,529,508	5,620,315	(1.6) %
Capital Grants and Contributions	210,500	447,962	8,392	16,132	218,892	464,094	(52.8) %
<b>Total Revenues</b>	<b>13,339,228</b>	<b>12,901,100</b>	<b>3,066,909</b>	<b>3,037,543</b>	<b>16,406,137</b>	<b>15,938,643</b>	
<b>Expenses</b>							
General Control	1,254,250	1,311,355	-	-	1,254,250	1,311,355	(4.4) %
Culture, Recreation, and Natural Resources	187,209	308,748	-	-	187,209	308,748	(39.4) %
Highway and Transportation	1,023,696	945,406	-	-	1,023,696	945,406	8.3 %
Judicial	235,363	230,465	-	-	235,363	230,465	2.1 %
Legislative	25,774	24,047	-	-	25,774	24,047	7.2 %
Public Safety	469,359	441,675	-	-	469,359	441,675	6.3 %
Regulation and Licensing	104,919	145,748	-	-	104,919	145,748	(28.0) %
Health and Human Services	5,777,302	5,603,724	-	-	5,777,302	5,603,724	3.1 %
Education	3,215,643	3,117,733	-	-	3,215,643	3,117,733	3.1 %
Unemployment Benefits	-	-	-	-	-	-	- %
Indirect Interest on Long-term Debt	110,413	119,779	-	-	110,413	119,779	(7.8) %
Provision for Potential Loss - State General Fund Investment Pool	-	101,735	-	-	-	101,735	(100.0) %
Indian Water Settlement	-	91,400	-	-	-	91,400	(100.0) %
Educational Institutions	-	-	2,845,355	2,768,492	2,845,355	2,768,492	2.8 %
Public Schools Insurance	-	-	331,783	322,904	331,783	322,904	2.7 %
Environmental Loans	-	-	673	874	673	874	100.0 %
Miners' Colfax Medical Center	-	-	23,229	22,608	23,229	22,608	2.7 %
Unemployment Insurance	-	-	356,558	546,600	356,558	546,600	(34.8) %
State Fair	-	-	14,613	16,115	14,613	16,115	(9.3) %
Other Business-type Activities	-	-	9,934	10,387	9,934	10,387	(4.4) %
<b>Total Expenses</b>	<b>12,403,928</b>	<b>12,441,815</b>	<b>3,582,145</b>	<b>3,687,980</b>	<b>15,986,073</b>	<b>16,129,795</b>	
Excess Before Transfers	935,300	459,285	(515,236)	(650,437)	420,064	(191,152)	
Transfers	(647,222)	(544,880)	647,222	629,645	-	84,765	
Change in Net Position	<b>288,078</b>	<b>(85,595)</b>	<b>131,986</b>	<b>(20,792)</b>	<b>420,064</b>	<b>(106,387)</b>	
Net Position - Beginning, as Restated	12,456,470	12,542,065	4,216,514	4,237,306	16,672,984	16,779,371	
<b>Net Position - Ending</b>	<b>\$ 12,744,548</b>	<b>\$ 12,456,470</b>	<b>\$ 4,348,500</b>	<b>\$ 4,216,514</b>	<b>\$ 17,093,048</b>	<b>\$ 16,672,984</b>	2.5 %

# STATE OF NEW MEXICO

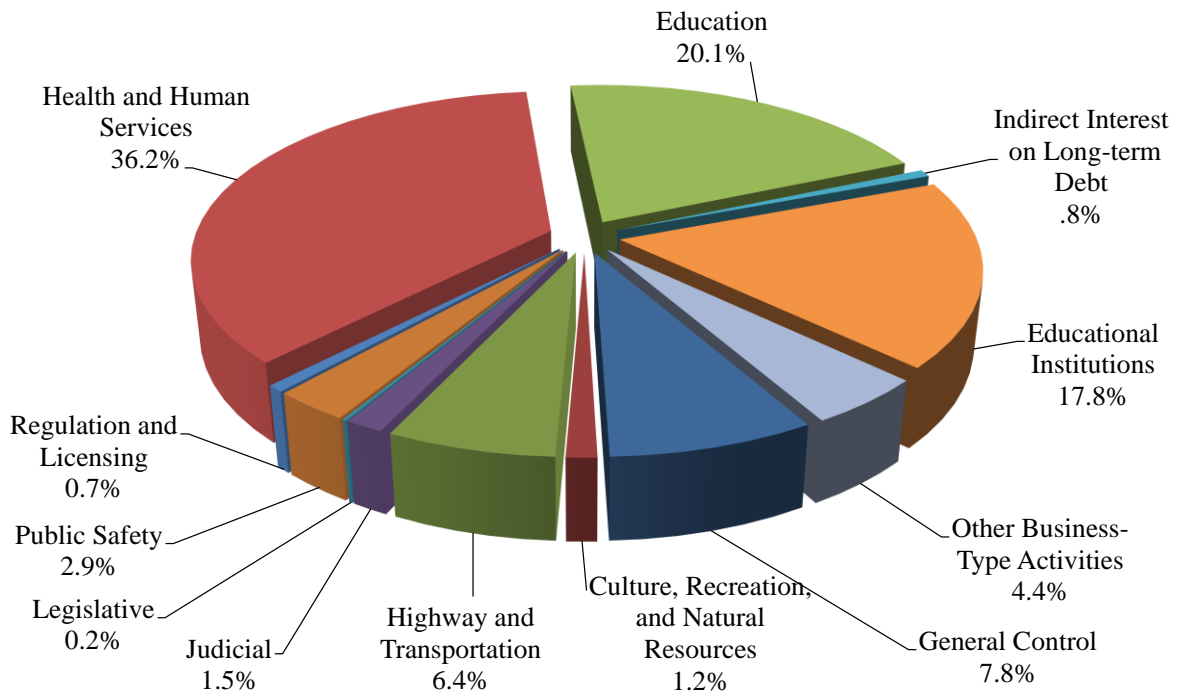
## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### STATE OF NEW MEXICO TOTAL REVENUES - FY 2013



### STATE OF NEW MEXICO TOTAL EXPENSES - FY 2013



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### Governmental Activities

Governmental activities program revenue was \$6.6 billion, including charges for services of \$1.6 billion, operating grants and contributions of \$4.7 billion, and capital grants and contributions of \$211 million. The largest changes were a \$119.2 million increase in charges for services, and an increase of \$142.1 million in operating grants and contributions. Governmental activities expenses were \$12.4 billion. All functions of governmental activities in the government-wide statement of activities have a net cost. The health and human services function and education function account for 72.5 percent of governmental activities expenses and net cost. The operating grants and contributions increased due to additional federal funding for the health and human services function and education function.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2013, state taxes and other general revenues covered 46.6 percent of expenses. The remaining \$6.6 billion, or 53.4 percent of the total expenses, was covered by charges for services and grants and contributions.

**State of New Mexico**  
**Net Program Costs as of June 30,**  
*(Expressed in Thousands)*

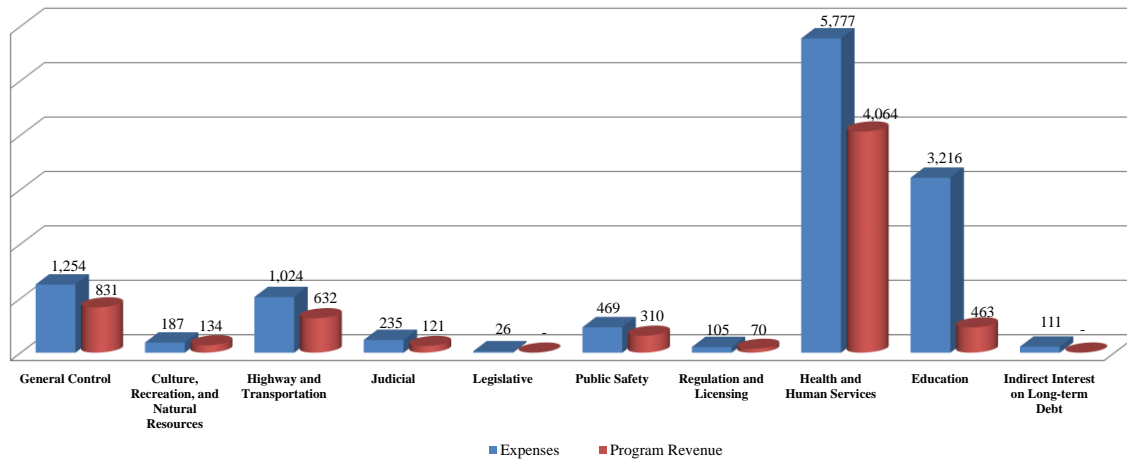
	<b>Program Expenses</b>	<b>Less Program Revenues</b>	<b>Net Program Costs</b>		<b>Program Revenues as a Percentage of Program Expenses</b>	
			<b>2013</b>	<b>2012, as Restated</b>	<b>2013</b>	<b>2012, as Restated</b>
General Control	\$ 1,254,250	\$ (830,957)	\$ 423,293	\$ 844,018	66.3 %	62.5 %
Culture, Recreation, and Natural Resources	187,209	(134,042)	53,167	136,996	71.6 %	113.6 %
Highway and Transportation	1,023,696	(631,810)	391,886	228,832	61.7 %	45.2 %
Judicial	235,363	(121,321)	114,042	24,781	51.5 %	117.4 %
Legislative	25,774	-	25,774	21,079	- %	47.1 %
Public Safety	469,359	(309,722)	159,637	13,198	66.0 %	119.0 %
Regulation and Licensing	104,919	(70,327)	34,592	36,284	67.0 %	124.2 %
Health and Human Services	5,777,302	(4,063,543)	1,713,759	1,588,549	70.3 %	69.9 %
Education	3,215,643	(462,681)	2,752,962	2,681,544	14.4 %	13.4 %
Indirect Interest on Long-term Debt	110,413	-	110,413	119,779	- %	- %
	<b>\$ 12,403,928</b>	<b>\$ (6,624,403)</b>	<b>\$ 5,779,525</b>	<b>\$ 5,695,060</b>	<b>53.4 %</b>	<b>55.7 %</b>

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

STATE OF NEW MEXICO  
EXPENSES AND PROGRAM REVENUES: GOVERNMENTAL ACTIVITIES  
For the Fiscal Year Ended June 30, 2013  
(In Millions)



### Business-type Activities

Business-type activities generated program revenues of \$2.7 billion, including charges for services of \$1.9 billion, operating grants and contributions of \$752 million, and capital grants and contributions of \$8.4 million. The total expenses for business-type activities were \$3.6 billion. The largest changes occurred in the education function with a \$77 million increase for colleges and universities, and there was a decrease of \$190 million in unemployment benefit payments as a result of the state revising its benefit calculations. There was a total loss from the government's business-type activities of \$868.7 million in comparison to the prior year's loss of \$748.9 million.

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Fund Balances

At June 30, 2013, the State's governmental funds reported combined ending fund balances of \$7.8 billion. The State reported \$5.0 billion, or 63.9 percent, as nonspendable, including \$4.2 billion related to the Severance Tax and Land Grant Permanent funds. The remaining nonspendable balance consisted of prepaids and inventories. The amount classified as restricted and committed, \$2.1 billion, or 26.1 percent, was for specific programs established by state law or by external constraints. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are also included in either restricted or committed, depending on the legality of the restriction. Note 1.A contains more details about the fund balance classifications at June 30, 2013. The remaining \$787.9 million, or 10.0 percent, of fund balance was available for appropriation for the general purpose of the funds.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

**State of New Mexico**  
**Fund Balances as of June 30, 2013**  
*(Expressed in Thousands)*

	General Fund	Education	Health and Human Services	Highway and Transportation	Appropriated Bonds Proceeds Capital Outlay	Severance Tax Permanent	Nonmajor Governmental Funds	Totals Governmental Funds
Nonspendable	\$ 5,968	\$ -	\$ 5,079	\$ 44,589	\$ -	\$ 4,166,990	\$ 789,848	\$ 5,012,474
Restricted	67,315	24,466	7,530	105,080	-	-	402,987	607,378
Committed	23,159	16,553	5,498	219,551	973,184	-	198,847	1,436,792
Assigned	488	-	989	-	-	-	-	1,477
Unassigned	769,738	23,647	10,757	(16,177)	-	-	15	787,980
<b>Total</b>	<b>\$ 866,668</b>	<b>\$ 64,666</b>	<b>\$ 29,853</b>	<b>\$ 353,043</b>	<b>\$ 973,184</b>	<b>\$ 4,166,990</b>	<b>\$ 1,391,697</b>	<b>\$ 7,846,101</b>
Percent Change from Prior Year	6.2 %	(36.2) %	(44.3) %	(25.8) %	6.1 %	7.4 %	5.3 %	3.7 %

### Governmental Funds

#### General Fund

Fund balance at June 30, 2013 totaled \$867 million, an increase of 6.2 percent from the prior fiscal year. This increase was due to revenues exceeding expenditures. See additional analysis below. The General Fund ended the fiscal year 2013 with unassigned fund balance of \$770 million. Miscellaneous changes resulting from the Restricted/Committed type balances accounted for the remaining change in fund balance.

Total General Fund revenues decreased by \$53 million, or 0.1 percent. The decrease was due to decreases in the royalties received from the natural resources in the State and in investment income earned. Miscellaneous and Other revenue, however, did increase by \$31 million, while all other revenue remained stable from the prior year.

#### Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2013 budget during the 2012 General Session. The General Fund original budgeted revenues for fiscal year 2013 were .04 percent less than the fiscal year 2012 final budget basis revenues. During the year, federal revenue was \$66 million less than the final approved budget. The original budget for expenditures for fiscal year 2013 was \$42 million more than the fiscal year 2012 budget basis expenditures. After budget amendments, the actual expenditures in the General Fund were \$123 million below the final budgeted amounts. This was mainly the result of agency-mandated measures to reduce expenditures. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

#### Education

Fund balance at June 30, 2013, totaled \$64.6 million, a decrease of \$36.7 million, or 35.6 percent, from the prior year fund balance, as restated. Total revenues increased by \$31.1 million, or 7.1 percent. This was a result of the increase in miscellaneous revenue for fiscal year 2013. Total expenditures increased by \$95.1 million, or 3.1 percent.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

### Health and Human Services

The fund balance at June 30, 2013, totaled \$29.9 million compared to a deficit of \$11.1 million for the prior fiscal year, as restated. Total revenues increased by \$79.8 million, or 1.9 percent, with total expenditures increasing by 1.8 percent, or \$103.7 million.

### Highway and Transportation

Fund balance at June 30, 2013, totaled \$353 million, a decrease of \$122.6 million, or 25.8 percent. Total expenditures increased by \$144 million, or 16.7 percent. Spending on current construction projects came from prior bond issues, which were included in restricted fund balance in fiscal year 2013.

### Appropriated Bond Proceeds Capital Outlay Fund

The fund balance at June 30, 2013, totaled \$973 million, an increase of \$55.6 million, or 6.1 percent. The increase was due to transfers made to the Fund and the spending down of older bond issue proceeds.

### Severance Tax Permanent Fund

Fund balance at June 30, 2013, totaled \$4.2 billion, an increase of \$286.3 million, or 7.4 percent. The increase related to gains made on investments.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

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The State's proprietary funds reported Net Position of \$4.3 billion, an increase of \$132 million from the prior year. The above Net Position excludes the Internal Service Funds, which are reported with Governmental Activities.

### Educational Institutions






Net Position at June 30, 2013, totaled \$3.8 billion. Current period activity increased the Net Position of the State's educational institutions by \$133.3 million, or 3.6 percent. For the fiscal year 2013, the State transferred \$643.3 million to the State's educational institutions, an increase of \$16.5 million, or 2.6 percent, from fiscal year 2012.

## DISCRETE COMPONENT UNITS

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These are operations for which the State has financial accountability or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. All of the State's discrete component units are presented in the financial statements.

The State's discretely presented major component units are:

-  New Mexico Finance Authority
-  New Mexico Mortgage Finance Authority
-  New Mexico Lottery Authority
-  UNM-Sandoval Regional Medical Center
-  University of New Mexico Foundation, Inc.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

- ✚ University of New Mexico Medical Group
- ✚ New Mexico State University Foundation, Inc.
- ✚ Charter Schools and Charter School Foundations

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

### CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

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#### Capital Asset Activity

At June 30, 2013, the State reported \$8.1 billion in capital assets net of accumulated depreciation for governmental activities and \$2.3 billion in capital assets net of accumulated depreciation for business-type activities. This investment in capital assets includes land, buildings, improvements, machinery and equipment, mineral rights, roads, highways and bridges. The change in the State's investment in capital assets for the current fiscal year was a decrease of 2.5 percent for governmental activities and no change for business-type activities.

As provided by GASB standards, the State elected to use the depreciation method to account for infrastructure assets (roads and bridges). This method requires the State to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense. Another allowable methodology is to use the modified approach to record infrastructure. The State elected to use the depreciation method as it determined that it could not meet the condition to maintain the infrastructure (as required by the modified approach) at a predetermined condition level due to anticipated lack of future funding for maintenance.

Refer to Notes 1.E.7 and 2.D of the financial statements for additional information on capital assets.

#### Long-term Debt Activity

The State Constitution and Law authorizes the State to issue general obligation bonds, severance tax bonds, and revenue bonds to finance or refinance the cost of State capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the State and payable from legally restricted revenues. During the past year, the State continued to maintain a high bond rating from Moody's Investors Services (Moody's) and Standard & Poor's Corporation (S&P) on all State bonds.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

The State had the following bond ratings at June 30, 2013:

### State of New Mexico Bond Ratings at June 30, 2013

<u>Bonds</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	Aaa	AA+
Severance Tax Bonds	Aa1	AA
Supplemental Severance Tax Bonds	Aa2	AA-
State Transportation Revenue Bonds Senior Lien	Aa1	AAA
State Transportation Revenue Bonds Subordinate Lien	Aa2	AA
Approved State Lease Appropriation Bonds	Aa1	AA-

The State issued General Obligation bonds during 2013 of \$137.2 million. The State did not issue Severance Tax Bonds during fiscal year 2013.

### State of New Mexico Net Outstanding Bonded Debt as of June 30, (Expressed in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percentage Change</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2012 to 2013</u>
General Obligation Bonds, Net \$	372,700	\$ 296,890	\$ -	\$ -	\$ 372,700	\$ 296,890	25.5 %
Severance Tax Bonds, Net	683,275	798,740	-	-	683,275	798,740	(14.5) %
Revenue Bonds, Net	1,562,240	1,723,061	827,812	840,831	2,390,052	2,563,892	(6.8) %
Bond Premium, Discount, Net	234,954	236,190	17,010	8,831	251,964	245,021	2.8
Deferred Loss on Refunding, Net	(91,257)	(81,982)	-	-	(91,257)	(81,982)	11.3
<b>Total Bonds Payable</b>	<b>\$ 2,761,912</b>	<b>\$ 2,972,899</b>	<b>\$ 844,822</b>	<b>\$ 849,662</b>	<b>\$ 3,606,734</b>	<b>\$ 3,822,561</b>	<b>(5.6) %</b>

Refer to Notes 1.E.13, 2.E, 2.F, and 2.G to the financial statements for additional information on the State's long-term debt and other liabilities.

## ECONOMIC CONDITIONS AND OUTLOOK

New Mexico's economy was negatively impacted by federal austerity measures in Fiscal Year 2013.

- Non-farm employment grew by only 0.4 percent. Private employment increased by 0.7 percent over the prior fiscal year, while government employment fell slightly.
- Taxable gross receipts, a broad-based measure of economic activity in the state and the base for one-third of New Mexico's state budget, grew at 2.4 percent in FY14, roughly half of the average historical rate. Recurring general fund revenues declined by 1.6 percent in Fiscal Year 2013 mainly due to the impacts of sequestration of federal procurement spending.
- Steady oil prices and new technologies encouraged increased oil production. However, booming supplies of natural gas depressed prices and slowed natural gas drilling. Although revenue from oil production has been increasing, total industry revenue is still down 24 percent from the peak reached in Fiscal Year 2008.



# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

New Mexico's economy is expected to achieve modest growth in Fiscal Year 2014 as the housing market recovers and federal contractors adjust to new spending levels. Resolution of U.S. Congressional deadlock over budget issues and the federal debt ceiling provides greater certainty to businesses, which could encourage hiring and investment. The New Mexico economy is still threatened by lackluster job growth, however, and an overreliance on the government sector. Recurring revenue is expected to grow at 2.7 percent in Fiscal Year 2014.

### **New Mexico Struggles to Achieve Sustainable Growth**

The New Mexico economic recovery has struggled to gain traction as fiscal headwinds from federal spending cuts have sent the economy sideways. Moody's Analytics estimates New Mexico's real gross state product to have decreased at an annual rate of 0.1 percent in Fiscal Year 2013. Economic growth has been uneven, driven largely by oil and gas production and manufacturing activities with little growth in the retail sector and declines in professional services and government.

Growth in taxable gross receipts slowed in Fiscal Year 2013 as the economy languished under federal austerity. Retail sales growth, which represents the largest sector, grew by only 1.1 percent. Professional and business services saw a 4.6 percent decline. On the other hand, construction experienced positive gains for the first time since the Great Recession, growing 6.5 percent over Fiscal Year 2012.

The outlook for Fiscal Year 2014 assumes continued weakness resulting from federal sequestration. Gross receipts tax revenues are expected to increase by 3.1 percent in Fiscal Year 2014. Part of this growth is due to fewer claims for tax credits due to 2013 legislation. Total recurring revenue growth is expected to be 2.7 percent in Fiscal Year 2014 with much of the growth occurring in mineral taxes, rents and royalties. New Mexico oil prices topped \$100 per barrel early in the Fiscal Year, while natural gas prices have benefited from sub-zero temperatures in the eastern half of the U.S. and the Midwest.

Moody's Analytics estimates that non-farm employment will grow by 0.5 percent in Fiscal Year 2014. New Mexico lost 50,000 jobs during the Great Recession and still remains 4.8 percent below the peak reached in Fiscal Year 2008. The mining, health, and hospitality sectors are the only industries in which employment has surpassed its previous peak. According to Moody's Analytics, New Mexico is not projected to regain jobs lost during the recession until Fiscal Year 2017.

Factors contributing positively to New Mexico's growth include an affordable housing stock, competitive wage scale and improving transportation infrastructure. In addition, major changes were made to the corporate income tax during the 2013 legislation that will phase in over the next several years. These changes will reduce corporate tax rates for all industries and allow reduced income apportionment for manufacturers. These measures are likely to encourage new business investment and economic growth, with positive long-term effects on state revenues. The state is already seeing a rapid increase of new investment along its southern border with Mexico, where logistics and transportation facilities are being expanded to accommodate rapid growth in manufacturing on both sides of the border.

### **U.S. Recovery on Firmer Footing**

Inflation-adjusted U.S. economic output grew at an annual rate of 1.6 percent in Fiscal Year 2013 as the economy was constrained by federal fiscal policy. Additionally, business investment remained low and the housing recovery slowed as concerns of a quick exit by the Federal Reserve from its bond-buying program caused fixed-mortgage rates to increase. Moody's Analytics expects the economy to grow at an annual rate of 3.2 percent in Fiscal Year 2014 as the impact of federal austerity fades. The Federal Reserve is expected to raise interest rates at a gradual pace to prevent a slow-down in the housing market or a reduction in consumer spending.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

Unemployment remains a concern and ended Fiscal Year 2013 at 7.6 percent according to the Bureau of Labor Statistics. Employment gains early in Fiscal Year 2014 have slowed in recent months, likely due to unusually cold temperatures across the middle and eastern portions of the country. In November and December of 2013, payroll growth averaged only 100,000 jobs per month, less than half the monthly rate in the prior year. Congress's passage of a bipartisan budget late in 2013 followed by the swift resolution of the debt ceiling debate in early February should reduce uncertainty for businesses, which could encourage hiring.

Household debt loads are low as consumers spent the last several years deleveraging, however, the fourth quarter of 2013 saw the largest year-over-year increase in household debt-to-income ratios since the Great Recession, which could indicate increasing consumer confidence. The Thomson Reuters/University of Michigan Index of Consumer Sentiment inched up to 81.6 in February from 81.2 in January. The index's average during the five previous recessions was 69.3.

Retail sales grew as expected during the Christmas holiday though more slowly than in recent years. Colder weather and a shorter shopping season contributed to the decline. Consumer spending may be struggling against weaker income growth, which was down 2.7 percent in December. This is partially due to inflated growth at the end of 2012 from accelerated bonuses and other extraordinary income in advance of 2013 tax increases. Wage income is rising more slowly than employment would suggest because high unemployment rates are limiting employees' ability to bargain. Spending is also restrained by cuts in food stamp benefits. Congress is pursuing a deal that would extend federal benefits to the long-term unemployed, which could improve the spending outlook.

## CONTACT THE STATE'S FINANCIAL MANAGEMENT

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Questions about this report or requests for additional financial information may be addressed to:

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

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# FINANCIAL

# SECTION

## BASIC FINANCIAL STATEMENTS



RIO GRANDE GORGE BRIDGE - TAOS, NM  
SOURCE - FINEARTAMERICA.COM

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION

June 30, 2013

(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 64,624	\$ 506,128	\$ 570,752	\$ 368,953
Investment in State General Fund Investment Pool	1,959,929	150,210	2,110,139	-
Investment in Local Government Investment Pool	-	56,394	56,394	7,746
Internal Balances	6,326	(6,326)	-	-
Due From Component Units	3,503	68,009	71,512	-
Due From Primary Government	-	-	-	5,945
Receivables, Net	1,745,646	352,332	2,097,978	167,205
Investments	996,313	316,267	1,312,580	30,264
Inventories	34,792	23,849	58,641	1,738
Total Current Assets	<u>4,811,133</u>	<u>1,466,863</u>	<u>6,277,996</u>	<u>581,851</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	283,298	25,652	308,950	69,354
Restricted Investments	4,032,593	-	4,032,593	188,112
Loans Receivable, Net	-	194,568	194,568	1,311,193
Due from Federal Government	46,719	-	46,719	-
Investments	-	1,626,773	1,626,773	1,252,243
Deferred Charge on Refunding Issues	91,257	-	91,257	-
Other Noncurrent Assets	38,611	69,392	108,003	153,638
Nondepreciable Capital Assets	1,063,398	157,883	1,221,281	17,878
Other Capital Assets, Net	7,009,593	2,183,234	9,192,827	229,945
Total Noncurrent Assets	<u>12,565,469</u>	<u>4,257,502</u>	<u>16,822,971</u>	<u>3,222,363</u>
Total Assets	<u>17,376,602</u>	<u>5,724,365</u>	<u>23,100,967</u>	<u>3,804,214</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Fair Value of Hedging Derivatives	58,445	-	58,445	-
Interest Rate Swaps	-	11,089	11,089	-
Total Deferred Outflows of Resources	<u>58,445</u>	<u>11,089</u>	<u>69,534</u>	<u>-</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 510,720	\$ 150,233	\$ 660,953	\$ 21,621
Accrued Liabilities	322,160	71,457	393,617	28,012
Unearned Revenue	13,499	69,807	83,306	5,264
Due to Broker	121,876	-	121,876	-
Due to Primary Government	-	-	-	42,680
Due to Component Units	-	5,945	5,945	-
Intergovernmental Payables	83,004	-	83,004	-
Other Obligations	66,698	-	66,698	-
Funds Held for Others	2,445	7,081	9,526	371
Bonds Payable	281,728	32,920	314,648	109,286
Other Liabilities	176,968	84,944	261,912	126,613
Total Current Liabilities	<u>1,579,098</u>	<u>422,387</u>	<u>2,001,485</u>	<u>333,847</u>
Noncurrent Liabilities:				
Bonds Payable	2,336,487	794,892	3,131,379	2,184,221
Due to Primary Government	-	-	-	28,832
Other Liabilities	523,965	169,675	693,640	79,676
Hedging Derivatives - Interest Rate Swaps	98,376	-	98,376	-
Indian Water Rights Liability	75,214	-	75,214	-
Contingent Liabilities	7,359	-	7,359	-
Allowance for Potential Loss -				
State General Fund Investment Pool	70,000	-	70,000	-
Total Noncurrent Liabilities	<u>3,111,401</u>	<u>964,567</u>	<u>4,075,968</u>	<u>2,292,729</u>
Total Liabilities	<u>4,690,499</u>	<u>1,386,954</u>	<u>6,077,453</u>	<u>2,626,576</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,552,572	1,507,921	7,060,493	43,381
Restricted for:				
Highway Construction and Maintenance	105,080	-	105,080	-
Education	24,466	-	24,466	-
Debt Service	245,355	57,096	302,451	165,091
Capital Projects	49,534	37,111	86,645	-
Health and Human Services	7,530	-	7,530	-
Financial Aid:				
Expendable	-	14,308	14,308	-
Nonexpendable	-	115,126	115,126	-
Unemployment and Insurance	-	118,158	118,158	-
Loan Programs	-	21,579	21,579	-
Permanent Funds - Nonexpendable	4,166,990	1,183,147	5,350,137	-
Endowment - Nonexpendable	-	190,406	190,406	-
Other Purposes:				
Expendable	175,413	406,137	581,550	238,861
Nonexpendable	-	-	-	268,969
Unrestricted Net Position	<u>2,417,608</u>	<u>697,511</u>	<u>3,115,119</u>	<u>461,336</u>
Total Net Position	<u>\$ 12,744,548</u>	<u>\$ 4,348,500</u>	<u>\$ 17,093,048</u>	<u>\$ 1,177,638</u>

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

**STATE OF NEW MEXICO**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Control	\$ 1,254,250	\$ 784,337	\$ 46,323	\$ 297
Culture, Recreation, and Natural Resources	187,209	89,063	44,477	502
Highway and Transportation	1,023,696	185,593	247,157	199,060
Judicial	235,363	109,660	11,661	-
Legislative	25,774	-	-	-
Public Safety	469,359	263,568	35,513	10,641
Regulation and Licensing	104,919	65,646	4,681	-
Health and Human Services	5,777,302	133,060	3,930,483	-
Education	3,215,643	5,329	457,352	-
Interest on Long-term Debt	110,413	-	-	-
<b>Total Governmental Activities</b>	<b>12,403,928</b>	<b>1,636,256</b>	<b>4,777,647</b>	<b>210,500</b>
Business-type Activities:				
Educational Institutions	2,845,355	1,359,675	751,537	8,392
Public Schools Insurance	331,783	321,549	-	-
Environmental Loans	673	4,423	-	-
Miners' Colfax Medical Center	23,229	21,784	324	-
Unemployment Insurance	356,558	223,057	-	-
State Fair	14,613	12,142	-	-
Other Business-type Activities	9,934	10,562	-	-
<b>Total Business-type Activities</b>	<b>3,582,145</b>	<b>1,953,192</b>	<b>751,861</b>	<b>8,392</b>
<b>Total Primary Government</b>	<b>\$ 15,986,073</b>	<b>\$ 3,589,448</b>	<b>\$ 5,529,508</b>	<b>\$ 218,892</b>
<b>Discretely Presented Component Units</b>				
New Mexico Finance Authority	\$ 113,823	\$ 56,339	\$ 48,692	\$ -
New Mexico Mortgage Finance Authority	99,345	15,657	47,174	-
Other Major Component Units	444,017	321,476	76,944	-
Nonmajor Component Units	29,655	10,326	17,100	-
<b>Total Component Unit Activities</b>	<b>\$ 686,840</b>	<b>\$ 403,798</b>	<b>\$ 189,910</b>	<b>\$ -</b>

General Revenues:  
Taxes:  
Individual Income  
Corporate Income  
Sales and Use  
Business Privilege  
Other  
Payment From State of New Mexico  
Payment To State of New Mexico  
Investment Income  
Miscellaneous  
Transfers, Net  
Total Net General Revenues and Transfers

**Change in Net Position**  
**Net Position - Beginning, as Restated -**  
**See Note 2.H.**  
**Net Position - Ending**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (423,293)	\$ -	\$ (423,293)	\$ -
(53,167)	-	(53,167)	-
(391,886)	-	(391,886)	-
(114,042)	-	(114,042)	-
(25,774)	-	(25,774)	-
(159,637)	-	(159,637)	-
(34,592)	-	(34,592)	-
(1,713,759)	-	(1,713,759)	-
(2,752,962)	-	(2,752,962)	-
(110,413)	-	(110,413)	-
<u>(5,779,525)</u>	<u>-</u>	<u>(5,779,525)</u>	<u>-</u>
-	(725,751)	(725,751)	-
-	(10,234)	(10,234)	-
-	3,750	3,750	-
-	(1,121)	(1,121)	-
-	(133,501)	(133,501)	-
-	(2,471)	(2,471)	-
-	628	628	-
-	<u>(868,700)</u>	<u>(868,700)</u>	<u>-</u>
<u>(5,779,525)</u>	<u>(868,700)</u>	<u>(6,648,225)</u>	<u>-</u>
-	-	-	(8,792)
-	-	-	(36,514)
-	-	-	(45,597)
-	-	-	<u>(2,229)</u>
-	-	-	<u>(93,132)</u>
1,236,015	-	1,236,015	-
277,029	-	277,029	-
1,985,601	-	1,985,601	-
1,236,248	-	1,236,248	-
500,372	-	500,372	-
-	-	-	119,205
-	-	-	(74,535)
1,208,035	214,413	1,422,448	29,720
271,525	139,051	410,576	38,944
(647,222)	647,222	-	-
<u>6,067,603</u>	<u>1,000,686</u>	<u>7,068,289</u>	<u>113,334</u>
288,078	131,986	420,064	20,202
<u>12,456,470</u>	<u>4,216,514</u>	<u>16,672,984</u>	<u>1,157,436</u>
<u>\$ 12,744,548</u>	<u>\$ 4,348,500</u>	<u>\$ 17,093,048</u>	<u>\$ 1,177,638</u>

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



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# STATE OF NEW MEXICO

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### **General Fund**

This fund is the principal operating fund of the State. It accounts for financial resources of the general government except those required to be accounted for in another fund.

### **Education Fund**

This fund accounts for all resources used to operate K-12 public education programs and adult basic education programs in the State as well as coordinate higher education programs and state-mandated scholarship programs.

### **Health and Human Services Fund**

This fund accounts for resources used to operate the various health programs and the family service and assistance programs throughout the State.

### **Highway and Transportation Fund**

This fund accounts for the resources used to develop, operate, and maintain the State's road and highway system as well as assist with other transportation programs.

### **Appropriated Bond Proceeds Capital Outlay Fund**

This fund accounts for the severance tax and general obligation bond proceeds appropriated by the Legislature for various capital projects to state agencies and local governments.

### **Severance Tax Permanent Fund**

This fund accounts for the annual portion of severance taxes generated from the production of minerals and other natural resources and distributes the monies to the State General Fund.

### **Nonmajor Funds**

Nonmajor governmental funds are presented by fund type beginning on page 206.

# STATE OF NEW MEXICO

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2013

(In Thousands)

	General Fund	Special Revenue		
		Education	Health and Human Services	Highway and Transportation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 135	\$ 8,089	\$ 717	\$ 121,164
Investment in the State General Fund Investment Pool	-	135,361	22,006	195,977
Deferred Charges and Other Assets	1,189	69	144	23,315
Due From Other Funds	1,134,125	13,567	298,093	92,471
Due From Component Unit	-	3,503	-	-
Receivables, Net	52,401	120,464	304,389	49,153
Investments	174,450	-	2,697	-
Inventories	5,968	-	5,079	23,428
<b>Total Assets</b>	<b>\$ 1,368,268</b>	<b>\$ 281,053</b>	<b>\$ 633,125</b>	<b>\$ 505,508</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 61,750	\$ 168,129	\$ 105,214	\$ 82,134
Accrued Liabilities	18,797	9,702	228,161	11,792
Due To Other Funds	285,621	25,616	205,201	24,011
Due to Brokers	-	-	-	-
Intergovernmental Payables	26,507	4,735	51,657	-
Funds Held For Others	821	240	1,355	29
Other Obligations	33,421	6,894	-	23,000
Unearned Revenue	4,683	1,071	11,684	11,499
Allowance for Potential Loss - State General Fund Investment Pool	70,000	-	-	-
<b>Total Liabilities</b>	<b>501,600</b>	<b>216,387</b>	<b>603,272</b>	<b>152,465</b>
Fund Balances:				
Nonspendable	5,968	-	5,079	44,589
Restricted	67,315	24,466	7,530	105,080
Committed	23,159	16,553	5,498	219,551
Assigned	488	-	989	-
Unassigned (Deficit)	769,738	23,647	10,757	(16,177)
<b>Total Fund Balances</b>	<b>866,668</b>	<b>64,666</b>	<b>29,853</b>	<b>353,043</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,368,268</b>	<b>\$ 281,053</b>	<b>\$ 633,125</b>	<b>\$ 505,508</b>

<u>Capital Projects</u>			
<u>Appropriated</u>		<u>Nonmajor</u>	<u>Total</u>
<u>Bond Proceeds</u>	<u>Severance</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Capital Outlay</u>	<u>Tax Permanent</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 162,134	\$ 55,683	\$ 347,922
1,032,117	14	462,473	1,847,948
-	-	65	24,782
293	3,601	168,588	1,710,738
-	-	-	3,503
-	109,181	101,215	736,803
-	4,029,896	821,863	5,028,906
-	-	14	34,489
<u>\$ 1,032,410</u>	<u>\$ 4,304,826</u>	<u>\$ 1,609,901</u>	<u>\$ 9,735,091</u>

\$ 3,924	\$ -	\$ 65,553	\$ 486,704
		30,193	298,645
51,301	15,960	52,449	660,159
-	121,876	-	121,876
-	-	105	83,004
-	-	-	2,445
-	-	3,383	66,698
4,001	-	66,521	99,459
-	-	-	70,000
<u>59,226</u>	<u>137,836</u>	<u>218,204</u>	<u>1,888,990</u>

-	4,166,990	789,848	5,012,474
-	-	402,987	607,378
973,184	-	198,847	1,436,792
-	-	-	1,477
-	-	15	787,980
<u>973,184</u>	<u>4,166,990</u>	<u>1,391,697</u>	<u>7,846,101</u>
<u>\$ 1,032,410</u>	<u>\$ 4,304,826</u>	<u>\$ 1,609,901</u>	<u>\$ 9,735,091</u>

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

# STATE OF NEW MEXICO

## RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2013

(In Thousands)

**Total Fund Balances - Governmental Funds** \$ 7,846,101

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds: (See Note 2.D.)

Land and Related Nondepreciable Assets	\$ 91,127	
Other Nondepreciable Assets	972,271	
Buildings, Equipment, Infrastructure and Other Depreciable Assets	17,412,832	
Accumulated Depreciation	<u>(10,449,125)</u>	8,027,105

Assets (receivables) not available to provide current resources are offset with deferred inflows of resources in the fund statements. The reduction of the liability and recognition of revenue increases net position in the Statement of Net Position. 85,960

The deferred loss on bond refunding issues is not recognized in the governmental funds, but is recognized in the government-wide statements. 91,257

Internal service funds are used by management to charge for certain activities, such as insurance, information technology, fleet operations, printing, and telecommunications. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (68,712)

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds; however, these costs are deferred and amortized in the Statement of Net Position. 13,829

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 2. E.)

Accrued Interest Payable	(23,069)	
General Obligation, Severance Tax and Revenues Bonds Payable	(2,618,215)	
Bond Premiums	(234,954)	
Notes Payable	(1,598)	
Claims and Judgments	(136,078)	
Compensated Absences	(61,201)	
Pollution Remediation Obligation	(53,373)	
Indian Water Rights Liability	(75,214)	
Contingent Liabilities	(7,359)	
Derivatives - Interest Rate Swaps, net of Effective Assets of \$58,445	<u>(39,931)</u>	<u>(3,250,992)</u>

**Total Net Position - Governmental Activities** \$ 12,744,548

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

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# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	General Fund	Special Revenue		
		Education	Health and Human Services	Highway and Transportation
<b>REVENUES</b>				
Taxes:				
General and Selective Taxes	\$ 2,913,091	\$ -	\$ 21,923	\$ 229,047
Income Taxes	1,508,102	-	-	-
Total Taxes	4,421,193	-	21,923	229,047
Other Revenues:				
Federal Revenue	84,499	436,690	3,912,257	444,854
Investment Income (Loss)	664,527	2,951	4,005	3,696
Rentals and Royalties	522,659	-	3,619	11
Charges for Services	54,375	100	86,463	3,325
Licenses, Fees, and Permits	111,838	5,229	30,721	182,257
Assessments	840	-	12,257	-
Miscellaneous and Other	43,388	25,218	195,101	20,467
<b>Total Revenues</b>	<b>5,903,319</b>	<b>470,188</b>	<b>4,266,346</b>	<b>883,657</b>
<b>EXPENDITURES</b>				
Current:				
Culture, Recreation, and Natural Resources	138,542	-	-	-
Education	-	3,177,731	-	-
General Control	398,960	-	-	-
Health and Human Services	-	-	5,732,931	-
Highway and Transportation	-	-	-	397,596
Judicial	170,829	-	-	-
Land Grant	-	-	-	-
Legislative	23,954	-	-	-
Public Safety	440,018	-	-	-
Regulation and Licensing	61,051	-	-	-
Severance Tax	-	-	-	-
Capital Outlay	15,166	663	67,270	398,119
Debt Service:				
Principal	-	-	-	135,240
Interest and Other Charges	-	-	-	76,561
<b>Total Expenditures</b>	<b>1,248,520</b>	<b>3,178,394</b>	<b>5,800,201</b>	<b>1,007,516</b>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>4,654,799</b>	<b>(2,708,206)</b>	<b>(1,533,855)</b>	<b>(123,859)</b>

<u>Capital Projects</u>			
<u>Appropriated</u>		<u>Nonmajor</u>	<u>Total</u>
<u>Bond Proceeds</u>	<u>Severance</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Capital Outlay</u>	<u>Tax Permanent</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ -	\$ 563,623	\$ 3,727,684
-	-	-	1,508,102
-	-	563,623	5,235,786
-	-	102,784	4,981,084
-	470,201	102,557	1,247,937
-	-	41,938	568,227
-	-	16,668	160,931
-	-	34,326	364,371
-	-	11,141	24,238
985	453	22,473	308,085
985	470,654	895,510	12,890,659
-	-	55,097	193,639
-	-	37,192	3,214,923
4,291	-	91,417	494,668
-	-	23,643	5,756,574
-	-	1,240	398,836
-	-	58,576	229,405
-	-	37,757	37,757
-	-	-	23,954
-	-	14,232	454,250
-	-	40,304	101,355
-	176,173	-	176,173
-	-	102,564	583,782
-	-	182,751	317,991
626	-	53,568	130,755
4,917	176,173	698,341	12,114,062
(3,932)	294,481	197,169	776,597



# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

	General Fund	Education	Health and Human Services	Highway and Transportation
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	\$ -	\$ -	\$ -	\$ -
Bond Premium	-	-	-	42,693
Refunding Bond Issue	-	-	-	220,400
Payment to Refunded Bond Escrow Agent	-	-	-	(261,769)
Proceeds from the Sale of Capital Assets	458	-	4	1,290
Transfers In	1,024,815	2,683,531	1,791,348	72,901
Transfers Out	(5,710,904)	(20,062)	(216,496)	(70,666)
<b>Total Other Financing Sources (Uses)</b>	(4,685,631)	2,663,469	1,574,856	4,849
<b>SPECIAL ITEM</b>				
Indian Water Rights Settlement	-	-	-	-
<b>Net Change in Fund Balances</b>	(30,832)	(44,737)	41,001	(119,010)
<b>Fund Balances - Beginning, as Restated - See Note 2.H.</b>	897,500	109,403	(11,148)	472,053
<b>Fund Balances - Ending</b>	\$ 866,668	\$ 64,666	\$ 29,853	\$ 353,043

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<u>Appropriated</u>		<u>Nonmajor</u>	<u>Total</u>
<u>Bond Proceeds</u>	<u>Severance</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Capital Outlay</u>	<u>Tax Permanent</u>	<u>Funds</u>	<u>Funds</u>
\$ 137,220	\$ -	\$ -	\$ 137,220
2,707	-	-	45,400
-	-	-	220,400
-	-	-	(261,769)
-	-	198	1,950
281,726	-	280,906	6,135,227
<u>(332,247)</u>	<u>(8,107)</u>	<u>(416,369)</u>	<u>(6,774,851)</u>
<u>89,406</u>	<u>(8,107)</u>	<u>(135,265)</u>	<u>(496,423)</u>
-	-	(5,211)	(5,211)
85,474	286,374	56,693	274,963
887,710	3,880,616	1,335,004	7,571,138
<u>\$ 973,184</u>	<u>\$ 4,166,990</u>	<u>\$ 1,391,697</u>	<u>\$ 7,846,101</u>

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

# STATE OF NEW MEXICO

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

(In Thousands)

**Net Change in Fund Balances - Total Governmental Funds** \$ 274,963

The change in Net Position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 583,782	
Depreciation expense	(718,811)	
Loss on disposal, net	(53,553)	
Excess of capital outlay over depreciation expense		(188,582)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. (8,856)

Internal service funds are used by management to charge for certain activities, such as fleet operations, risk management, printing and records, communications services, and information processing. The net revenue (expense) of the internal service funds is reported with governmental activities. 30,922

Bond proceeds, notes, and capital leases provide current financial resources to governmental activities by issuing debt, which increases long-term liabilities in the Statement of Net Position. Repayments of the bond, notes, and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 2.E.)

Payment of Bond, Note, and Capital Lease Principal	317,991	
Payment to Refunded Bond Escrow Agent	261,769	
Bond and Note Proceeds, Net	(357,899)	221,861

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. 1,934

The deferred loss on refunding bond issues is capitalized and the amortization is reported in the Statement of Activities. (12,263)

Expenditures are recognized in the governmental funds when paid or due for items normally paid with available financial resources; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net change of the following balances:

Compensated Absences Expense	(255)	
Claims and Judgments	11,866	
Pollution Remediation Obligation	2,321	
Accrued Interest on Bonds Payable	(14,729)	(797)

The amount of the Indian Water Rights Settlement is reported in the Statement of Activities as follows:

Indian Water Rights Payment	5,211	
Change in Indian Water Rights Federal Revenue - Estimate	10,975	16,186

Other liabilities are reported as follows:

Contingent Liabilities		(7,359)
Ineffective Swaps - Derivatives		(39,931)

**Change in Net Position of Governmental Activities** \$ 288,078

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

# STATE OF NEW MEXICO

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## PROPRIETARY FUND FINANCIAL STATEMENTS

### **Educational Institutions Fund**

This fund accounts for the resources used to operate the seven institutions of higher education and three other schools, which were created by the *Constitution of the State of New Mexico*. These institutions are the University of New Mexico, New Mexico State University, New Mexico Highlands University, New Mexico Institute of Mining and Technology, Western New Mexico University, Eastern New Mexico University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Visually Handicapped, and the New Mexico School for the Deaf.

### **Nonmajor Enterprise Funds**

Nonmajor enterprise funds are presented beginning on page 236.

### **Internal Service Fund**

Nonmajor internal service funds are presented beginning on page 256.

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2013

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 365,855	\$ 140,273	\$ 506,128	\$ -
Investment in the State General Fund Investment Pool	-	150,210	150,210	111,981
Investment in the Local Government Investment Pool	39,330	17,064	56,394	-
Due From Other Funds	35	1,329	1,364	22,040
Due From Component Unit	68,009	-	68,009	-
Receivables, Net	264,003	88,329	352,332	13,242
Investments	316,182	85	316,267	-
Inventories	22,386	1,463	23,849	303
<b>Total Current Assets</b>	<b>1,075,800</b>	<b>398,753</b>	<b>1,474,553</b>	<b>147,566</b>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	21,663	3,989	25,652	-
Loans Receivable	26,910	167,658	194,568	-
Investments	1,600,289	26,484	1,626,773	-
Deferred Charges and Other Assets	14,538	374	14,912	-
Other Noncurrent Assets	54,480	-	54,480	-
Nondepreciable Capital Assets	155,907	1,976	157,883	-
Capital Assets, Net	2,106,968	76,266	2,183,234	45,886
<b>Total Noncurrent Assets</b>	<b>3,980,755</b>	<b>276,747</b>	<b>4,257,502</b>	<b>45,886</b>
<b>Total Assets</b>	<b>5,056,555</b>	<b>675,500</b>	<b>5,732,055</b>	<b>193,452</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Interest Rate Swaps	11,089	-	11,089	-
Total Deferred Outflows of Resources	11,089	-	11,089	-

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 144,949	\$ 5,284	\$ 150,233	\$ 24,016
Accrued Liabilities	63,049	8,408	71,457	446
Unearned Revenue	63,178	6,629	69,807	-
Due to Other Funds	-	7,690	7,690	23,973
Due to Component Unit	5,945	-	5,945	-
Intergovernmental Payables	-	-	-	-
Funds Held for Others	6,948	133	7,081	-
Bonds Payable	31,434	1,486	32,920	-
Other Liabilities	57,427	27,517	84,944	106,702
<b>Total Current Liabilities</b>	<u>372,930</u>	<u>57,147</u>	<u>430,077</u>	<u>155,137</u>
Noncurrent Liabilities:				
Bonds Payable	780,405	14,487	794,892	-
Other Liabilities	126,654	43,021	169,675	107,027
<b>Total Noncurrent Liabilities</b>	<u>907,059</u>	<u>57,508</u>	<u>964,567</u>	<u>107,027</u>
<b>Total Liabilities</b>	<u>1,279,989</u>	<u>114,655</u>	<u>1,394,644</u>	<u>262,164</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,443,829	64,092	1,507,921	45,886
Restricted:				
Nonexpendable:				
Scholarships and Student Loans	115,126	-	115,126	-
Endowment	190,406	-	190,406	-
Land Grant Permanent Fund	1,183,147	-	1,183,147	-
Expendable:				
Debt Service	55,769	1,327	57,096	-
Capital Projects	34,491	2,620	37,111	-
Scholarships	14,308	-	14,308	-
Unemployment and Insurance	-	118,158	118,158	212,675
Loans	21,579	-	21,579	-
Other Purposes	36,399	369,738	406,137	33,400
Unrestricted (Deficit)	692,601	4,910	697,511	(360,673)
<b>Total Net Position</b>	<u>\$ 3,787,655</u>	<u>\$ 560,845</u>	<u>\$ 4,348,500</u>	<u>\$ (68,712)</u>

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

# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 266,890	\$ 358,778	\$ 625,668	\$ 517,180
Unemployment Insurance	-	216,613	216,613	-
Federal Revenue	436,080	324	436,404	-
State, Local, and Private Grants and Contracts	159,222	-	159,222	-
Loans and Other Income	-	4,107	4,107	-
Student Tuition and Fees, Net	246,426	-	246,426	-
Patient Services/Clinical Operations	646,086	-	646,086	-
Other Operating Revenues	87,003	14,019	101,022	1,309
<b>Total Operating Revenues</b>	<u>1,841,707</u>	<u>593,841</u>	<u>2,435,548</u>	<u>518,489</u>
<b>OPERATING EXPENSES</b>				
Benefits, Claims, and Premiums	-	401,392	401,392	-
Education and General	1,582,437	22,129	1,604,566	22,220
Insurance Losses	-	268,295	268,295	-
Depreciation and Amortization	159,142	4,740	163,882	15,508
Other Operating Expenses	1,077,294	40,176	1,117,470	462,015
<b>Total Operating Expenses</b>	<u>2,818,873</u>	<u>736,732</u>	<u>3,555,605</u>	<u>499,743</u>
<b>Operating Income (Loss)</b>	<u>(977,166)</u>	<u>(142,891)</u>	<u>(1,120,057)</u>	<u>18,746</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Clinical Operations	113,270	-	113,270	-
Private Grants and Gifts	34,407	-	34,407	-
Government Grants and Contracts	121,828	-	121,828	-
Interest and Investment Income	204,461	5,865	210,326	29
Interest and Other Expenses on Capital				
Asset-related Debt	(26,482)	(58)	(26,540)	-
Gain (Loss) on Sale of Capital Assets	-	-	-	(924)
Intergovernmental Grants	-	-	-	-
Other Revenue (Expense)	7,216	131,835	139,051	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>454,700</u>	<u>137,642</u>	<u>592,342</u>	<u>(895)</u>
<b>Income (Loss) Before Transfers and Other Revenues (Expenses)</b>	<u>(522,466)</u>	<u>(5,249)</u>	<u>(527,715)</u>	<u>17,851</u>
<b>CAPITAL CONTRIBUTIONS AND ENDOWMENTS</b>				
Capital Grants and Gifts	8,392	-	8,392	-
Permanent Fund/Endowment Contributions	4,087	-	4,087	-
<b>Total Capital Contributions and Endowments</b>	<u>12,479</u>	<u>-</u>	<u>12,479</u>	<u>-</u>
<b>TRANSFERS</b>				
Transfers In	643,314	3,917	647,231	44,301
Transfers Out	-	(9)	(9)	(31,230)
<b>Total Transfers</b>	<u>643,314</u>	<u>3,908</u>	<u>647,222</u>	<u>13,071</u>
<b>Change in Net Position</b>	133,327	(1,341)	131,986	30,922
<b>Net Position - Beginning</b>	3,654,328	562,186	4,216,514	(99,634)
<b>Net Position - Ending</b>	<u>\$ 3,787,655</u>	<u>\$ 560,845</u>	<u>\$ 4,348,500</u>	<u>\$ (68,712)</u>

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

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# STATE OF NEW MEXICO

## STATEMENT CASH FLOWS PROPRIETARY FUNDS

June 30, 2013

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from:				
Fees for Service	\$ 911,846	\$ 351,431	\$ 1,263,277	\$ 517,868
Sale of Products	258,730	9,170	267,900	-
Gifts, Grants, and Contracts	635,417	-	635,417	-
Loan and Note Repayments	-	16,985	16,985	-
Unemployment Insurance	-	218,787	218,787	-
Other Sources	54,635	6,304	60,939	238
Cash Payments to or for:				
Suppliers	(807,460)	(70,067)	(877,527)	(529,857)
Employees	(1,714,655)	(19,234)	(1,733,889)	(22,649)
Unemployment Benefits	-	(359,491)	(359,491)	-
Student Loans and Loan Losses	(127,383)	(280,451)	(407,834)	-
Other Payments	-	(18,851)	(18,851)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(788,870)</b>	<b>(145,417)</b>	<b>(934,287)</b>	<b>(34,400)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	617,275	-	617,275	26,356
Transfers Out	-	(7,632)	(7,632)	(15,935)
Gifts for Other Than Capital Purposes	31,396	58	31,454	-
Intergovernmental Receipts	229,679	126,343	356,022	-
Operating Loan	(27,704)	-	(27,704)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>850,646</b>	<b>118,769</b>	<b>969,415</b>	<b>10,421</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(166,770)	(2,003)	(168,773)	(5,469)
Capital Gifts, Grants, and Contracts	-	8,527	8,527	-
Capital Debt Service Payments - Principal	(71,593)	(628)	(72,221)	-
Capital Debt Service Payments - Interest	(35,552)	(71)	(35,623)	-
Capital Contributions and Debt Proceeds	118,240	6,322	124,562	-
Proceeds from Sale of Capital Assets	2,365	-	2,365	80
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(153,310)</b>	<b>12,147</b>	<b>(141,163)</b>	<b>(5,389)</b>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor	Total	
		Enterprise Funds		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends of Investments	\$ 94,582	\$ 211	\$ 94,793	\$ 31
Purchase of Investments	(404,815)	(1)	(404,816)	-
Receipts of Rent	-	2	2	-
Proceeds from Sale and Maturity of Investments	422,546	18,629	441,175	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>112,313</u>	<u>18,841</u>	<u>131,154</u>	<u>31</u>
<b>Net Increase (Decrease) in Cash</b>	20,779	4,340	25,119	(29,337)
<b>Cash and Cash Equivalents at Beginning of Year</b>	364,426	307,196	671,622	141,318
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 385,205</u>	<u>\$ 311,536</u>	<u>\$ 696,741</u>	<u>\$ 111,981</u>
<b>Cash and Cash Equivalents</b>				
Unrestricted	\$ 365,855	\$ 140,273	\$ 506,128	\$ -
Restricted	19,350 *	3,989	23,339	-
Investment in the State General Fund Investment Pool	-	150,210	150,210	111,981
Investment in the Local Government Investment Pool	-	17,064	17,064	-
<b>Total Cash and Cash Equivalents</b>	<u>\$ 385,205</u>	<u>\$ 311,536</u>	<u>\$ 696,741</u>	<u>\$ 111,981</u>

\* Restricted Cash of \$2,313 not included.

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (977,166)	\$ (142,891)	\$ (1,120,057)	\$ 18,746
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation and Amortization	159,142	4,740	163,882	15,508
Bad Debt Expense	105,657	1,990	107,647	-
Unrealized (gain) loss on investments	(405)	(1)	(406)	-
Reserve for Losses	145	-	145	-
Net Changes in Assets and Liabilities Related to Operating Activities:				
Receivables/Due From Other Funds	(72,122)	(6,505)	(78,627)	(671)
Notes/Loans	-	670	670	-
Inventories	97	149	246	31
Prepaid Items/Deferred Charges	102	(19)	83	11
Insurance Claims Payable	-	-	-	(96,916)
Accounts Payable/Accrued Liabilities/Due To Other Funds	3,395	(3,389)	6	28,891
Unearned Revenue	(7,715)	(161)	(7,876)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (788,870)</u>	<u>\$ (145,417)</u>	<u>\$ (934,287)</u>	<u>\$ (34,400)</u>

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

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# STATE OF NEW MEXICO

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## FIDUCIARY FUND FINANCIAL STATEMENTS

### **Pension Trust Funds**

These funds account for the resources accumulated and held for the payment of retirement and other benefits under plans operated by the Public Employees Retirement Association, the Educational Retirement Board, and the Retiree Health Care Authority. Pension trust funds are presented beginning on page 268.

### **External Investment Trust Funds**

These funds account for assets held by the State in a trustee capacity. The funds are held in custody for participants in the New Mexico State Treasurer's Investment Trust Funds and the State Investment Council External Investment Trust Funds. External trust funds are presented beginning on page 282.

### **Private Purpose Trust Funds**

These funds account for resources held under trust arrangements and which benefit individuals, organizations, the State of New Mexico, and other governmental units. These funds include the Scholarship Fund, the Land Grant Permanent Fund, the Education Trust Fund, the Water Trust Fund, and the Bartlett Trust Fund. Private purpose trust funds are presented beginning on page 286.

### **Agency Funds**

These funds are used to report resources held by various State agencies in a purely custodial capacity for distribution to other parties. Agency funds are presented beginning on page 290.

# STATE OF NEW MEXICO

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2013

(In Thousands)

	Pension Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,285,880	\$ 202,747	\$ 433,113	\$ 523,036
Investment in State General Fund Investment Pool	23,582	-	33,566	1,117,892
Investment in Local Government Investment Pool	-	-	-	529
Investments:				
U.S. Government and Agency Securities	2,461,041	-	-	-
International Securities	4,506,182	-	-	-
Corporate Equity Securities	6,515,575	-	-	-
Corporate and Municipal Bonds	2,781,587	-	-	-
Partnerships and Other Investments	6,277,391	-	-	-
Securities Lending Collateral Investments	338,166	-	-	-
Investment Pools	-	338,843	12,032,900	21,334
Due From Other Funds	4,760	-	23,383	53,237
Receivables:				
Brokers	426,423	-	286,496	-
Contributions	110,958	-	-	-
Accrued Interest and Other	80,727	-	25,340	-
Participant Loans	7,229	-	-	-
Other Receivables	1,953	25,006	2,680	1,114,308
Capital Assets, Net	15,278	-	-	-
<b>Total Assets</b>	<u>24,836,732</u>	<u>566,596</u>	<u>12,837,478</u>	<u>2,830,336</u>
<b>LIABILITIES</b>				
Accounts Payable	20,821	-	-	-
Securities Lending	355,840	-	-	-
Accrued Liabilities	239	-	4,526	-
Due to Other Funds	755	-	50,833	1,072,112
Due to Beneficiaries	-	-	3,961	-
Due to Brokers	646,607	43,923	364,768	-
Due to Taxpayers	-	-	-	54,592
Intergovernmental Payables	-	-	-	-
Unearned Revenue	426	-	-	-
Deposits Held in Trust	34	-	-	779,704
Other Liabilities	20,335	321	3,477	923,928
<b>Total Liabilities</b>	<u>1,045,057</u>	<u>44,244</u>	<u>427,565</u>	<u>\$ 2,830,336</u>
<b>NET POSITION</b>				
Held in Trust for:				
Pension Benefits	23,067,298	-	-	-
Other Postemployment Benefits	292,649	-	-	-
Defined Contribution	431,728	-	-	-
External Investment Pool Participants	-	522,352	-	-
Other Purposes	-	-	12,409,913	-
<b>Net Position</b>	<u>\$ 23,791,675</u>	<u>\$ 522,352</u>	<u>\$ 12,409,913</u>	

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

# STATE OF NEW MEXICO

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Pension Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employee Contributions	\$ 631,282	\$ -	\$ -
Employer Contributions	674,832	-	680,447
Member Contributions	39,752	-	-
Transfers In	816	-	-
Total Contributions	<u>1,346,682</u>	<u>-</u>	<u>680,447</u>
Pool Participant Deposits	<u>-</u>	<u>1,855</u>	<u>-</u>
Investment Income (Loss):			
Net Increase (Decrease) in Fair Value of Investments	2,126,428	266,154	1,276,856
Interest and Dividends	494,820	2,430	649,540
	<u>2,621,248</u>	<u>268,584</u>	<u>1,926,396</u>
Less Investment Expense	(28,467)	-	(11,539)
Net Investment Income	<u>2,592,781</u>	<u>268,584</u>	<u>1,914,857</u>
Other Additions			
Other Operating Revenues	54,040	-	-
Total Other Additions	<u>54,040</u>	<u>-</u>	<u>-</u>
<b>Total Additions</b>	<u>3,993,503</u>	<u>270,439</u>	<u>2,595,304</u>
<b>DEDUCTIONS</b>			
Benefits and Claims	1,934,159	-	-
Distributions	-	-	1,205,782
Pool Participant Withdrawals	-	303,200	-
Refunds	86,884	-	-
General and Administrative Expenses	38,597	386	-
Other Operating Expenses	938	-	165
Transfers Out	-	-	20,669
<b>Total Deductions</b>	<u>2,060,578</u>	<u>303,586</u>	<u>1,226,616</u>
<b>Change in Net Position</b>	1,932,925	(33,147)	1,368,688
<b>Net Position - Beginning</b>	<u>21,858,750</u>	<u>555,499</u>	<u>11,041,225</u>
<b>Net Position - Ending</b>	<u>\$ 23,791,675</u>	<u>\$ 522,352</u>	<u>\$ 12,409,913</u>

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

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# STATE OF NEW MEXICO

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## COMPONENT UNIT FINANCIAL STATEMENTS

### **New Mexico Finance Authority**

The New Mexico Finance Authority coordinates the planning and financing of state and local public projects, provides for long-term planning and assessment of state and local capital needs, and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

### **New Mexico Mortgage Finance Authority**

The New Mexico Mortgage Finance Authority assists in the financing of housing for persons of low and moderate income in the State.

### **New Mexico Lottery Authority**

The Lottery Authority was created and organized for establishing and conducting the lottery to provide revenues for the public purposes designated in the Lottery Act, which benefits the educational institutions created by the State Constitution.

### **University of New Mexico - Sandoval Regional Medical Center**

Established by the Regents of the University of New Mexico, this medical center serves the City of Rio Rancho, NM.

### **University of New Mexico Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico.

### **University of New Mexico Medical Group**

The Medical Group is a nonprofit corporation organized to advance and support the educational and charitable purposes of the University of New Mexico School of Medicine and the University Health Sciences Center.

### **New Mexico State University Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the New Mexico State University.

### **Charter Schools**

There were fifty-two state-authorized Charter Schools at June 30, 2013, financially accountable to the State Public Education Department.

### **Nonmajor Component Units**

There were seventeen nonmajor component units at June 30, 2013. Their financial information is presented in total.



# STATE OF NEW MEXICO

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2013

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	UNM - Sandoval Regional Medical Center	University of New Mexico Foundation
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 116,073	\$ 14,045	\$ 9,340	\$ 6,144	\$ 3,451
Investment in Local Government Investment Pool	-	7,746	-	-	-
Restricted Cash and Cash Equivalents	109,965	17,380	3,406	13,157	3,618
Investments	99	-	-	-	-
Due From Primary Government	-	-	-	1,299	-
Receivables, Net	115,260	4,538	1,371	12,148	638
Loans Receivable, Current	-	-	-	-	-
Inventory	-	-	37	1,550	-
<b>Total Current Assets</b>	<u>341,397</u>	<u>43,709</u>	<u>14,154</u>	<u>34,298</u>	<u>7,707</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	59,196	-	-	-
Restricted Investments	131,565	11,929	-	1,677	-
Loans Receivable, Net	1,134,060	177,133	-	-	-
Investments	-	899,852	-	-	169,759
Other Noncurrent Assets	128,333	9,678	145	6,091	3,486
Nondepreciable Capital Assets	-	512	-	-	-
Capital Assets, Net	221	741	629	136,486	137
<b>Total Noncurrent Assets</b>	<u>1,394,179</u>	<u>1,159,041</u>	<u>774</u>	<u>144,254</u>	<u>173,382</u>
<b>Total Assets</b>	<u>1,735,576</u>	<u>1,202,750</u>	<u>14,928</u>	<u>178,552</u>	<u>181,089</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	473	4,392	1,978	4,574	971
Accrued Liabilities	4,320	6,595	9,356	736	-
Unearned Revenue	-	-	-	-	478
Due to Primary Government	-	-	3,503	863	2,770
Funds Held for Others	80	-	-	-	-
Bonds Payable	84,400	20,186	-	4,700	-
Other Liabilities	114,822	326	14	4,490	1,970
<b>Total Current Liabilities</b>	<u>204,095</u>	<u>31,499</u>	<u>14,851</u>	<u>15,363</u>	<u>6,189</u>
Noncurrent Liabilities:					
Bonds Payable	1,096,006	932,165	-	138,725	-
Due to Primary Government	-	-	-	-	1,711
Other Liabilities	-	1,809	77	2,040	3,191
<b>Total Noncurrent Liabilities</b>	<u>1,096,006</u>	<u>933,974</u>	<u>77</u>	<u>140,765</u>	<u>4,902</u>
<b>Total Liabilities</b>	<u>1,300,101</u>	<u>965,473</u>	<u>14,928</u>	<u>156,128</u>	<u>11,091</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	221	(672)	629	-	137
Nonspendable	-	-	-	-	149,835
Restricted for:					
Debt Service	68,069	86,928	-	10,094	-
Other Purposes	143,292	24,512	-	1	17,917
Unrestricted Net Position (Deficit)	223,893	126,509	(629)	12,329	2,109
<b>Total Net Position (Deficit)</b>	<u>\$ 435,475</u>	<u>\$ 237,277</u>	<u>\$ -</u>	<u>\$ 22,424</u>	<u>\$ 169,998</u>

University of New Mexico Medical Group	New Mexico State University Foundation	Charter Schools	Nonmajor Component Units	Total
21,396	\$ 10,638	\$ 21,316	\$ 16,558	\$ 218,961
-	-	-	-	7,746
-	2,245	-	221	149,992
-	2,367	-	27,798	30,264
4,547	-	-	99	5,945
23,089	1,062	5,993	3,106	167,205
-	-	-	-	-
-	14	-	137	1,738
<u>49,032</u>	<u>16,326</u>	<u>27,309</u>	<u>47,919</u>	<u>581,851</u>
3,600	477	-	6,081	69,354
-	42,941	-	-	188,112
-	-	-	-	1,311,193
22,864	100,909	78	58,781	1,252,243
2,982	240	430	2,253	153,638
-	-	2,839	14,527	17,878
1,039	405	42,563	47,724	229,945
<u>30,485</u>	<u>144,972</u>	<u>45,910</u>	<u>129,366</u>	<u>3,222,363</u>
<u>79,517</u>	<u>161,298</u>	<u>73,219</u>	<u>177,285</u>	<u>3,804,214</u>
5,476	1,339	948	1,470	21,621
-	2,245	4,243	517	28,012
-	-	1,958	2,828	5,264
27,046	2,992	-	5,506	42,680
-	-	70	221	371
-	-	-	-	109,286
-	205	2,994	1,792	126,613
<u>32,522</u>	<u>6,781</u>	<u>10,213</u>	<u>12,334</u>	<u>333,847</u>
-	-	17,325	-	2,184,221
-	-	-	27,121	28,832
-	42,734	17,589	12,236	79,676
-	42,734	34,914	39,357	2,292,729
<u>32,522</u>	<u>49,515</u>	<u>45,127</u>	<u>51,691</u>	<u>2,626,576</u>
1,039	405	21,876	19,746	43,381
-	74,050	-	45,084	268,969
-	-	-	-	165,091
-	34,848	2,519	15,772	238,861
45,956	2,480	3,697	44,992	461,336
<u>46,995</u>	<u>\$ 111,783</u>	<u>\$ 28,092</u>	<u>\$ 125,594</u>	<u>\$ 1,177,638</u>

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

## COMBINING STATEMENT OF ACTIVITIES

### COMPONENT UNITS

For the Year Ended June 30, 2013

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	UNM - Sandoval Regional Medical Center	University of New Mexico Foundation
Expenses	\$ 113,823	\$ 99,345	\$ 98,129	\$ 56,860	\$ 10,129
Program Revenues:					
Charges for Services	56,339	15,657	141,767	19,199	-
Operating Grants and Contributions	48,692	47,174	26	1	37,869
Total Program Revenues	105,031	62,831	141,793	19,200	37,869
Net (Expenses) Revenues	(8,792)	(36,514)	43,664	(37,660)	27,740
General Revenues:					
Payment from State of New Mexico	34,033	3,000	-	-	-
Payment to State of New Mexico	(2,953)	-	(43,685)	-	(27,897)
Other	-	9	-	23,058	-
Investment Income	139	-	21	604	17,384
Total General Revenues	31,219	3,009	(43,664)	23,662	(10,513)
<b>Change in Net Position</b>	22,427	(33,505)	-	(13,998)	17,227
<b>Net Position - Beginning, as Restated</b>	413,048	270,782	-	36,422	152,771
<b>Net Position - Ending (Deficit)</b>	\$ 435,475	\$ 237,277	\$ -	\$ 22,424	\$ 169,998

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University of New Mexico Medical Group	New Mexico State University Foundation	Charter Schools	Nonmajor Component Units	Total
\$ 162,325	\$ 13,221	\$ 103,353	\$ 29,655	\$ 686,840
155,748	3,845	917	10,326	403,798
6,792	10,721	21,535	17,100	189,910
162,540	14,566	22,452	27,426	593,708
215	1,345	(80,901)	(2,229)	(93,132)
-	-	81,168	1,004	119,205
-	-	-	-	(74,535)
-	(159)	5,147	1,665	29,720
(110)	9,958	305	10,643	38,944
(110)	9,799	86,620	13,312	113,334
105	11,144	5,719	11,083	20,202
46,890	100,639	22,373	114,511	1,157,436
\$ 46,995	\$ 111,783	\$ 28,092	\$ 125,594	\$ 1,177,638

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

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

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# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of New Mexico have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The State's significant accounting policies are described below. All dollar amounts are in thousands, except when stated.

##### A. Reporting Entity

For financial reporting purposes, the State's financial reporting entity includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the Executive Branch, various offices relating to the Judicial Branch, the educational institutions created by the *Constitution of the State of New Mexico*, Article XII, Section 11). The annual financial report does not include the financial statements of the community colleges or public schools.

The GASB has set forth criteria to be considered in determining financial accountability as defined in GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB No. 39 and No. 61). These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the State to impose its will on that organization or 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where a State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Discrete Component Units

In the government-wide financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the State. These component units are entities that are legally separate from the State, but are financially accountable to the State. Complete financial statements are available at the address given.

Changes to the number of component units reported were made for the year ended June 30, 2013. See Note 2. H. 4, page 156, for additional information.

#### Major Component Units

##### ▪ New Mexico Finance Authority

The Laws of 1992, Chapter 61, as amended, created the New Mexico Finance Authority (NMFA). The purpose of the New Mexico Authority Act is to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The NMFA is considered a component unit of the State because the Governor appoints a majority of its Board, who serve at the pleasure of the Governor. In addition, NMFA provides benefits to other entities besides the State. New Mexico Finance Authority, 207 Shelby Street, Santa Fe, NM 87505.

##### ▪ New Mexico Mortgage Finance Authority

The New Mexico Mortgage Finance Authority (NMMFA) is a governmental instrumentality of the State, created April 10, 1975 under the Mortgage Finance Authority Act (Act) enacted as Chapter 303

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1

of the Laws of 1975 of the State. Pursuant to the Act, programs to assist in the financing of housing for persons of low and moderate income in the State. NMMFA has a September 30 fiscal year end, which differs from all other state entities, which have a June 30 fiscal year-end.

The NMMFA is considered a component unit of the State because the Governor appoints a majority of its Board, who serve at the pleasure of the Governor. In addition, NMMFA provides benefits to other entities besides the State. New Mexico Mortgage Finance Authority, 344 Fourth St. SW, Albuquerque, NM 87102.

#### ▪ **New Mexico Lottery Authority**

With the enactment of the New Mexico Lottery Act (Lottery Act) on July 1, 1995, the New Mexico Lottery Authority (Lottery Authority) was created as a public body, politic and corporate, separate from the State. The Lottery Authority was created and organized for establishing and conducting the lottery to provide revenues for the public purposes designated in the Lottery Act, which benefits the educational institutions created by the State Constitution.

The Lottery Authority is considered a component unit of the State because the Governor appoints a majority of its Board, who serve at the pleasure of the Governor. Guidance from the Government Accounting Standards Board indicates that the Lottery Authority should be presented discretely. New Mexico Lottery Authority, P.O. Box 9130, Albuquerque, NM 87199.

The following component units (with the exception of the State Charter Schools) are considered to be component units of the State Institutions of Higher Education, and are thus component units of the State. Each is financially accountable to the respective institution, and the Board of Regents (governing board) of each institution controls the finances and

NMMFA is authorized to undertake various has appointment power over the unit's governing authority.

#### ▪ **UNM - Sandoval Regional Medical Center**

Sandoval Regional Medical Center (SRMC) was formed by the Regents of the University of New Mexico in August 2009, and is a New Mexico nonprofit corporation organized under and pursuant to the New Mexico University Research Park and Economic Development Act. The creation of SRMC is largely a result of collaborative efforts between the University of New Mexico Medical Group and the University of New Mexico Hospital. SRMC opened in the spring of 2013 as a 68-bed teaching hospital, and is located in the City of Rio Rancho in Sandoval County, New Mexico. Sandoval Regional Medical Center, 933 Bradbury Street SE, Suite 2222, Albuquerque, NM 87106.

#### ▪ **University of New Mexico Foundation, Inc.**

The University of New Mexico Foundation, Inc. (Foundation) is a nonprofit corporation, organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico. The majority of the Foundation's investments are managed by the University. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas Blvd., Suite 108, Albuquerque, NM 87131.

#### ▪ **University of New Mexico Medical Group**

University of New Mexico Medical Group is a nonprofit corporation that was organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the University of New Mexico School of Medicine and the University Health Sciences Center. University of New Mexico Medical Group, 933 Bradbury Street, Suite 2222, Albuquerque, NM 87106.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

▪ **New Mexico State University Foundation, Inc.**  
The New Mexico State University Foundation, Inc. (Foundation) is a nonprofit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of New Mexico State University. The Foundation reports on the FASB basis of accounting. New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003.

▪ **Charter Schools**

The Charter Schools have been approved by the Public Education Department under applicable state statute to provide elementary and secondary education services. The State is financially accountable for these schools. New Mexico Public Education Department, Office of the Secretary, 300 Don Gaspar, Santa Fe, NM 87501.

The State's nonmajor component units are listed below. It has been determined that each of them is financially accountable to its respective institution.

- New Mexico Military Institute (NMMI) Foundation, Inc.
- University of New Mexico Alumni Assoc., Inc.
- University of New Mexico Lobo Club.
- University of New Mexico – Anderson Schools of Management Foundation, Inc.
- STC.UNM
- Lobo Development Corporation
- Lobo Energy, Inc.
- New Mexico Institute of Mining and Technology Foundation, Inc.
- New Mexico Institute of Mining and Technology – Research Park Corporation.
- New Mexico Highlands Univ. Foundation, Inc.
- New Mexico Highlands University – Stable Isotopes Corporation.
- Western New Mexico University Fnd., Inc.
- Eastern New Mexico University Foundation, Inc.

- Eastern New Mexico University – Roswell Foundation, Inc..
- Eastern NM Univ. – Ruidoso – Fdn., Inc.
- Northern New Mexico College Foundation, Inc.
- Cumbres & Toltec Scenic Railroad, Inc.

#### **B. Government-wide and Fund Financial Statements**

##### **Government-wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Primary government activities are distinguished between *governmental and business-type activities*. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The governmental activities column incorporates data from the internal service funds as well as the governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the reporting entity's financial position. The Net Position section of the statement focuses on whether assets, net of related liabilities, have been restricted as to the purpose for which they may be used. When an external party or the State Constitution places a restriction on the use of certain assets, those assets, net of related liabilities, are reported as restricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct



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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

#### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary (enterprise) funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The internal service fund is reported in a separate column on the proprietary funds financial statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Thus, the accounting and financial reporting treatment applied to a fund or activity is determined by its measurement focus.

#### Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (enterprise) fund and 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. 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

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State generally considers revenues available if they are collected within 60 days of the end of the current fiscal period. All other revenues are recognized when they are received if they are not susceptible to accrual.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The accounts of the State are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures.

#### Major Governmental Funds

- **General Fund** – This fund accounts for the financial resources of the State, except those required to be accounted for in another fund. This is the State's primary operating fund.
- **Education Fund** – The Education Fund includes funds to operate kindergarten, elementary, and

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

secondary education and related programs throughout the State. It also includes resources used to coordinate higher education programs and operate state-mandated scholarship programs in conjunction with the institutions of higher education.

- **Health and Human Services Fund** – The Health and Human Services Fund includes resources used to operate various health and family service related programs such as healthcare, elder affairs, and child support.
- **Highway and Transportation Fund** – The Highway and Transportation Fund accounts for the maintenance and development of the State’s highway system and other transportation related projects.
- **Appropriated Bond Proceeds Capital Outlay Fund** – The Appropriated Bond Proceeds Capital Outlay Fund accounts for severance tax and general obligation bond proceeds that are appropriated by the Legislature on each bond issue.
- **Severance Tax Permanent Fund** – The Severance Tax Permanent Fund accounts for the severance tax levied by the State on certain natural resources extracted from State lands. Severance tax revenues are first applied to pay the required debt service on Severance Tax Bonds issued by the State. Remaining severance tax revenues are then transferred to the State Investment Council, which adds these amounts to the Severance Tax Permanent Fund. On November 5, 1996, New Mexico voters approved Constitutional Amendment No. 1 which, among other things, provides that annual distributions from the Severance Tax Permanent Fund shall be 102.0 percent of the amount distributed in the immediately preceding fiscal year until the annual distributions equal 4.7

percent of the average of the year-end market values of the fund for the immediately preceding five years. Thereafter, the amount of the annual distributions shall be 4.7 percent of the average of the year-end market values of the fund for the immediately preceding five years. Any amounts not distributed as approved by the Constitution remain as non-expendable.

**Nonmajor Governmental Funds** – The State’s nonmajor governmental funds include other special revenue funds, debt service funds and capital projects funds. The nonmajor special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes. Examples include bond proceeds, land grant permanent monies, and other activities combined into specific functional areas. The debt service funds are used to account for the accumulation of resources for the payment of principal and interest on general long-term obligations and severance tax bonds or other contractual obligations of the State. The State has many individual debt service funds; for presentation in this report, the funds have been combined into specific functional areas. The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds). The State has many individual capital projects funds; for presentation in this report, the funds have been combined into specific functional areas.

#### Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

external users for goods and services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are student tuition and fees, net of scholarship discounts and allowances, patient services, sales and services, interest on loans, and most federal, state, and local contracts and grants. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed by both the business-type activities and enterprise funds to the extent that those standards do not conflict with, or contradict guidance of the GASB. However, during FY13 the State implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 incorporates any old Financial Accounting Standards Board (FASB) Statements that apply to governmental accounting into GASB statements. Therefore, the old policy disclosure regarding which FASB pronouncements apply, or do not apply, to the State's financial statements is no longer necessary.

#### Major Enterprise Fund

**Educational Institutions Fund** – The Educational Institutions Fund accounts for the activities of the State's ten educational institutions created by the

*Constitution of the State of New Mexico* in Article XII, Section 11: University of New Mexico, New Mexico State University, Eastern New Mexico University, New Mexico Institute of Mining and Technology, Western New Mexico University, New Mexico Highlands University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Visually Handicapped, and New Mexico School for the Deaf.

**Nonmajor Enterprise Funds** – The State's nonmajor enterprise funds include unemployment insurance, public schools insurance, medical center, magazine publication, state fair, state infrastructure bank, environment department, corrections industries, and industries for the blind.

**Internal Service Funds** – The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in the internal service funds include fleet operations, risk management, printing and records, communications services, and information processing. In the government-wide financial statements, Internal Service Funds are included with governmental activities.

#### Fiduciary Fund Financial Statements

These funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**Pension and Other Employee Benefits Trust Funds** – These funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans and other employee

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

benefit plans. These funds account for the activities of the Public Employees Retirement Association (PERA), Educational Retirement Board (ERB), the Retiree Health Care Authority (RHCA), and the Deferred Compensation Plan.

**External Investment Trust Funds** – These funds account for assets held by the government in a trustee capacity. These funds are used to account for cash, securities, and other investments held in custody for participants in the New Mexico State Treasurer's Investment Pools and the State Investment Council's Investment Pools.

**Private Purpose Trust Funds** – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds include the Scholarship Fund, the Land Grant Permanent Fund, the Water Trust Fund, and the Higher Education Savings Plan.

**Agency Funds** – These funds are used to report resources held by the State in a purely custodial capacity. Agency funds account for receipt of various taxes, refundable deposits, and other monies collected or recovered to be held until the State has the right or obligation to distribute them to state operating funds or to various entities or individuals; and for deposit to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

#### **Component Unit Financial Statements**

The component units' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all current GASB pronouncements, and all FASB pronouncements

issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

#### **D. Budgetary Basis of Accounting**

The budget is adopted on the modified accrual basis of accounting, per statute, in accordance with procedures prescribed by the Financial Control Division (FCD), Department of Finance and Administration. Per these procedures, accounts payable which are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, permission must be obtained from FCD to pay the obligation out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP).

Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

#### **Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets**

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for the Appropriated Bond Proceeds Capital Outlay Fund, the General Control Capital Project Fund, the Public Safety Capital Project Fund, the Regulation and Licensing Capital Project Fund, the Severance Tax Bonds Appropriated Capital Project Fund, the State General Fund Appropriated Capital Project Fund, and the American Recovery and Reinvestment Act Special Revenue Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These nonoperating budgets primarily serve as a management control tool, and because

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

#### **Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities for the operating budgets. Expenditures are classified in the financial control system based on whether the appropriation is from the operating or multiple year budgets (special or capital). Expenditures funded by the operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are for capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures. Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. The General Fund presented herein includes the general funds of all state agencies.

The largest of these general funds are the component appropriation accounts. These appropriation accounts are part of the Department of Finance and Administration. The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as nonappropriated (not budgeted) by the Legislature are the Severance Tax Permanent Fund, the Land Grant Permanent Fund, the General Obligation Bonds Debt Service Fund, the Severance Tax Bond Debt Service Fund, and the following Enterprise Funds: the Educational Institutions, State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

#### **E. Assets, Liabilities, and Net Position or Equity**

##### **1. Cash and Cash Equivalents**

Cash and cash equivalents represent cash on hand, cash on deposit with banks, investment in the State General Fund Investment Pool, Local Government Investment Pool, and cash invested in short-term securities. Cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less. See Note 1.E.4 for more information on the State General Fund Investment Pool and the Local Government Investment Pool.

Cash balances not held by the New Mexico State Treasurer (State Treasurer) and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments.

The Public Employees Retirement Association, the Education Trust Board, and the State Investment Council invest in the overnight repurchase agreements in the Short-term Investment Funds (STIF) at JP Morgan.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### 2. Restricted Cash and Cash Equivalents and Investments

Restricted assets include monies or other resources restricted by legal or contractual requirements.

#### 3. Deferred Charges and Other Assets

Prepaid items reflect costs applicable to future accounting periods and are recorded as deferred charges and other assets in both the government-wide and the fund financial statements.

The governmental funds use both the purchases method and the consumption method of accounting for prepaids. Each state agency determines which method is more appropriate for its circumstance. Under the purchases method, prepaids are recorded as expenditures when purchased and residual balances, if any, are not accounted for as an asset. For the consumption method, costs are recorded as expenditures when consumed rather than when purchased, any remaining balances are reported as an asset until consumed. The proprietary funds use the consumption method for prepaids.

#### 4. Investments

Investments are under the control of the State Treasurer and other administrative bodies as determined by law. In certain instances, investments are restricted by law or other legal instruments. Investments are valued at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates as available. For investments where no readily ascertainable fair value exists, management in consultation with their investment advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk. The change in fair

value is recognized as a component of investment income in the current year.

The Education Trust Board calculates the net asset value of its units as of the close of The New York Stock Exchange (the Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. The net asset values of the investments are determined as of the close of the Exchange on each day the Exchange is open for trading. Short-term money market-type debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates market value).

#### Investment Pools

*State Treasurer* - The State is required by statute to deposit any money received with the State Treasurer. Balances maintained at the end of the day are pooled and invested by the State Treasurer in overnight repurchase agreements. All repurchase agreements are collateralized by U.S. Treasury Securities held by the State Treasurer's custodian bank. These pooled balances are collectively called the State General Fund Investment Pool (SGFIP), which also includes the deposits in the Tax-Exempt Bonds Proceeds Investment Pool and Taxable Bond Proceeds Investment Pool. The State General Fund is the State of New Mexico's main operating account. All State revenues are credited to the General Fund. Income taxes, sales taxes, rents and royalties, and other recurring revenues are deposited into the fund. The fund also comprises numerous State agency accounts whose assets, by statute, must be held at the State Treasury. Expenditures are disbursed only in accordance with appropriations authorized by the State Legislature. The Bond Proceeds Pools consists of pooled assets received through the issuance of taxable and tax-exempt bonds. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the SGFIP are reported as a cash equivalent.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

All interest revenue is allocated to the General Fund unless state statute or trust agreements require allocations of interest to other funds. Interest is allocated based on the average daily balance and average monthly interest rates.

In addition to the SGFIP pooled cash account, the State Treasurer maintains the Local Government Investment Pool (LGIP). The LGIP also includes the deposits in the Reserve Contingency Fund. Cities, counties, other non-state agencies, and state agencies invest monies with the State Treasurer in the LGIP. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the LGIP are reported as a cash equivalent.

The LGIP, an external investment pool, is not registered with the Security and Exchange Commission (SEC) as an investment company. The investments are recorded at fair value based on quoted market price; however, individual participant balances remain at their carrying cost. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, New Mexico Statutes Annotated (NMSA) 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. At June 30, 2013, the LGIP carrying cost approximated the fair value. Participation in the LGIP is voluntary.

The external portion of LGIP is reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the New Mexico State Treasurer's audited financial statements can be obtained by writing the New Mexico State Treasurer, P.O. Box 5135, Santa Fe, NM 87505.

*Public Employees Retirement Association* - The Public Employees Retirement Association created a short-term investment pool (Pool) to maximize the benefits of the investment diversification and investment earnings. The Judicial, Magistrate, Volunteer Firefighters, and Public Employees Retirement Systems (Systems) participate in the Pool. The fair value of the investments in the Pool is the same as the value of the pool shares. All investments in the Pool are either SEC registered or are exempt from SEC registration under exemption 3(a)(3) or 4(2) of SEC regulations. Each System's equity percentage in the Pool is based on that System's investment in the pool and will only increase or decrease by additional deposits or withdrawals.

*State Investment Council* - The State Investment Council (Council) is responsible for the investment activities of certain state trust funds. The Council's investments are reported in the following categories: governmental activities, business-type activities, private-purpose trust funds, and external investment trust funds. Each of the fund types are participants in the Council's pools. Each pool is composed of units of participation of unlimited quantity. Each unit of participation represents an equal beneficial interest in the respective pool and no unit has priority over any other. Each purchase or sale of units requires written authorization as defined in the joint powers agreements executed between the Council and each participant. All units are purchased by cash payment. Each unit of participation is recorded in book entry form by the Council.

The external portion of the Council's investment pools are reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the Council's report can be obtained by writing the New Mexico State Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### 5. Inventories

The governmental funds use both the purchases method and the consumption method of accounting for inventories. Each state agency determines which method is more appropriate for its circumstances. Under the purchase method, inventories are recorded as expenditures when purchased. For the consumption method, or costs are recorded as expenditures when consumed rather than when purchased.

Inventories at year-end are reported as assets of the governmental funds and are equally offset by a nonspendable fund balance component, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of the proprietary funds are valued at cost using the average cost, retail inventory, and first-in-first-out (FIFO) methods.

#### 6. Receivables and Loan Receivables

Receivables are stated net of estimated allowance for uncollectible amounts, which are determined, based upon past collection experience and current economic conditions. The State has not forgiven any amounts deemed uncollectible. Each state agency is responsible for keeping a permanent list of receivable amounts deemed uncollectible, in addition to periodically attempting to recover balances deemed uncollectible. Article IV Section 32 of the New Mexico Constitution [Remission of debts due state or municipalities] provides:

No obligation or liability of any person, association or corporation held or owned by or **owing to the state**, or any municipal corporation therein, shall ever be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be extinguished except by

the payment thereof into the proper treasury, or by proper proceeding in court.

Receivables in the governmental, business-type activities and fiduciary activities consist mainly of amounts due from the federal government, local governments, customers, patients and applicable insurance companies, taxpayers, students, and others.

Various reimbursement procedures are used for federal awards received by the State. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Student tuition and fees receivables are recorded at rates established at the time a student registers for classes. Provisions for uncollectible student accounts are recorded to maintain an adequate allowance for anticipated losses.

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 uncollectible accounts has been established for all of the tax assessments and citations.

Loans are stated at their principal amount. Interest on loans is accrued based on the daily principal balance outstanding, except when a loan has been past due for 90 days. Certain loans are to governmental entities



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

and secured by certain pledged revenues. The loans are being repaid in accordance with their loan agreements.

Under the State's educational loan for service programs, i.e. Medical, Osteopathic, Nursing, Allied Health Services, Minority Doctoral, Teachers, Dentistry, and WICHE, payments for principal and interest are deferred while the individual is enrolled in a qualified educational curriculum. Both principal and interest obligations can be relieved if the recipient performs service in a designated shortage area or accepts a teaching position at a sponsoring university (for Minority Doctoral program). The balances of loans and interest receivable are recorded at net of allowances for doubtful accounts. Allowance for doubtful accounts has been established for individual principal and interest balances that are not expected to be collected.

Construction and mortgage loans represent interest-bearing funds advanced to various municipalities and water control districts within the State to construct or modify wastewater or water supply facilities. Construction loans represent those projects still under construction. Interest is accrued on loans in the construction phase. Upon completion, accrued interest is either paid or added to the principal balance of the mortgage loan. The mortgage loans represent completed projects and the State is receiving payments of principal and interest.

The allowance for uncollectible accounts is based on estimated collectible balances using an analysis of an aging of outstanding accounts and historical collection experience.

*New Mexico Finance Authority (NMFA)* - NMFA loans receivable are carried at amounts advanced, net of collections and reserves for loan losses if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally,

loans are not placed on non-accrual status because they are insured or otherwise guaranteed.

NMFA's allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known. The State has not experienced any losses on its loan portfolio.

*New Mexico Mortgage Finance Authority (NMMFA)* - Mortgage loans receivable for NMMFA are carried at the unpaid principal balance outstanding less an allowance for estimated loan losses. Mortgage loans are secured by first liens on the related properties, with the exception of down payment and closing assistance (DPA) loans. Mortgage loans purchased by the State are required to be insured by the Federal Housing Administration (FHA) or private mortgage insurance, or guaranteed by the Veterans' Administration (VA). Conventional loans with a loan-to-value ratio of 80.0 percent or less do not require insurance. These policies insure, subject to certain conditions, mortgage loans against losses not otherwise insured, generally for specific percentages of the principal balance due plus accrued interest and other expenses sustained in preservation of the property. Interest on mortgage loans is accrued based upon the principal amounts outstanding net of service fee expenses. Mortgage loans continue to accrue interest during foreclosure since loans are insured, and interest is collected through insurance proceeds.

For NMMFA, losses incurred on mortgage loans are charged to the allowance for mortgage loan losses. The provision for loan losses is charged to expense when, in management's opinion, the realization of all

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

or a portion of the loans or properties owned is doubtful. In evaluating the provision for loan losses, management considered the age of the various loan portfolios, the relationship of the allowances to outstanding mortgage loans, collateral values, insurance claims, and economic conditions. Management believes that the allowance for mortgage loan losses is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions.

#### 7. Capital Assets

Capital assets, which include automobiles, buildings and improvements, furniture and fixtures, software, library books, infrastructure (e.g., roads, bridges, sidewalks, and similar items), machinery and equipment, and portable buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The State defines capital assets as costing at least five thousand dollars or more when acquired and having an estimated useful life greater than one year.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases. There is no depreciation recorded for land and right-of-way land. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with the practices followed by many museums and libraries, museum and library

collections are not reported as assets in the accompanying financial statements. Purchases of the items are reported as expenditures. Certain library books, however, are capitalized.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	10-40
Land Improvements	15-30
Furniture and Equipment	3-25
Vehicles	3-12
Buildings and Improvements	5-75

As provided by GASB standards, the State elected to use the depreciation method to account for infrastructure assets (roads and bridges). This method requires the State to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

#### 8. Accrued Liabilities

Accrued liabilities include accrued current payroll and fringe benefits payable at fiscal year-end. These benefits consist of the employee and employer portions of taxes, insurance, retirement, and other compensation related withholdings.

In addition to payroll, the State has accrued healthcare services expenditures for the period during which services are provided, and they are based, in part, on estimates of accrued services provided but not reported by the providers to the State. Healthcare services payable in the accompanying financial

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

statements are estimates of payments to be made to providers for reported claims and for claims not yet reported to the State. The State develops these estimates using actuarial methods based upon historical data for payment patterns, cost trends, utilization of healthcare services, and other relevant factors. When estimates change, the State records the adjustment in healthcare services expense in the period the change in estimate occurs. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts recorded. While the ultimate amount of claims and the related payments are dependent on future developments, the State believes that the reserves for claims are adequate to cover such claims and expenditures.

#### 9. Compensated Absences

Qualified employees are entitled to accumulate sick leave at the rate of 3.7 hours per bi-weekly pay period. There is no limit to the amount of sick leave, which an employee may accumulate. Employees are paid for accumulated sick leave annually, or upon retirement or other termination, but only for accumulated sick leave in excess of 600 hours. Annually, employees may be paid 50.0 percent of the excess over 600 hours, up to a maximum of 120 hours.

Upon retirement or other termination, employees are paid 50.0 percent of the excess over 600 hours, up to maximum of 400 hours.

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 employees' hire date. Employees are paid for the accumulated annual leave upon retirement or other termination up to 240 hours. A maximum of thirty days of annual leave (240 hours) may be carried forward into the beginning of the calendar year, with any excess forfeited.

The State accrues a liability for compensated absences, which meets the following criteria:

1. The State's obligation relating to employees' rights to receive compensation for future absences is attributable to an employee's service already rendered;
2. The obligation relates to rights that vest or accumulate;
3. Payment of the compensation is probable;
4. The amount can be reasonably estimated.

In accordance with the above criteria, the State has accrued a liability for vacation pay, which has been earned but not taken by State employees. For governmental funds, the liability for compensated absences is shown in the government-wide financial statements. For enterprise funds and the pension and other postemployment benefit funds, the liability for compensated absences is shown in the individual fund to which the liability pertains since funds will be expended out of those individual funds.

#### 10. Unearned Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, unearned revenue is recorded when revenue is either unearned or unavailable. The State recognizes funds received in advance from federal agencies as unearned revenue and recognizes revenue when funds have been expended based on individual grant requirements.

#### 11. Securities Lending

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

transactions have been recorded as obligations under securities lending transactions.

#### 12. Other Obligations

Other obligations include amounts due to taxpayers for tax refunds and tax credits.

#### 13. Long-term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities.

##### Bonds Payable

Bond premiums and discounts, deferred amounts on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Reserve for Losses

*Public Schools Insurance Authority* – The New Mexico Public Schools Insurance Authority (PSIA) insurance losses and related adjustment expenses are

charged to operations as incurred. The reserves for losses and loss adjustment expenses are determined based upon case-basis evaluations and actuarial projections, and include a provision for claims incurred but not reported. The actuarial projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of PSIA's experience and benefits, property, casualty, and workers' compensation insurance industry data, which supplements PSIA's historical experience and includes the effects of inflation and other factors. Losses are reported net of estimated amounts recoverable from excess insurance, salvage and subrogation, and the deductible portion of claims. Adjustments to the probable ultimate liability for losses and loss adjustment expenses are made continually, based on subsequent developments and experience, and are included in operations as made.

*Retiree Health Care Authority* - The amount shown for the Retiree Health Care Authority as reserve for losses and loss adjustment expenses is an actuarially calculated estimate of the ultimate costs of settling all incurred but not reported claims as of the fiscal year-end, while the amount shown on the accompanying fiduciary statement of changes in fiduciary Net Position as losses and loss adjustment expenses represents the change in this estimate during the fiscal year. These reserves represent, in management's opinion, the best estimate of the ultimate cost of settling all reported and unreported claims. There exists a range of variability around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount reflected in the accompanying financial statements may not ultimately be the actual cost of settling all unpaid claims and the difference may be significant.

#### 14. Interfund Transactions

##### Government-wide Financial Statements

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

**Interfund Activity** – In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

#### **Governmental Fund Financial Statements**

**Interfund Activity** – Interfund transactions for goods sold or services rendered for a price approximate their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority.

#### **15. Net Position and Fund Equity**

*Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets. Significant unspent related debt proceeds are not included in the calculation of Net Investment in Capital Assets. The unspent portion of the debt is

included in restricted for capital projects. The State issues General Obligation bonds and Severance Tax bonds to finance projects for the State and local governments. The Legislature appropriates the bond proceeds from each bond issue to projects throughout the State. Only bonds issued for projects appropriated to State agencies and recognized as a State asset are included in this calculation.

The State reports Net Position as restricted when constraints placed on Net Position are a) externally imposed by creditors, grantors, contributors or laws, or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Restricted Net Position* is designated as either expendable or nonexpendable. Expendable Restricted Net Position includes those funds that may be expended either for a stated purpose or for a general purpose subject to externally imposed stipulations. Nonexpendable Restricted Net Position Includes those funds that are required to be retained in perpetuity. Restricted Net Position includes the State's permanent endowment funds subject to externally imposed restrictions governing their use.

*Unrestricted Net Position* consists of net position that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

When both restricted and unrestricted net position are available for use, it is the State's policy to use restricted resources first and then unrestricted resources, as they are needed.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned.

Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed by outside parties or internally imposed by law through constitutional provision 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 Legislature, such as an appropriation or legislation. The State Legislature is the highest level of decision-making authority that can, by passage of legislation, commit fund balance that is not already restricted. Once adopted, the limitation remains in place until similar action takes place, usually in the form of a new budget bill or other legislation.

Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes by directive of the Legislative Finance Committee of the Legislature or in some cases by legislation. Legislative directives dictate that all fund balances remaining at the end of the fiscal year shall be reverted back to the State General Fund unless the fund is stipulated as nonreverting by the Legislature or by laws or regulations imposed by grantors. If the fund is nonreverting, the agency governing board or department head has the authority to assign a fund balance for a specific use.

The State has not adopted a formal flow assumption policy and therefore uses the GASB recommendations; that is, it is the State's policy to use restricted fund balance before using components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance, and lastly, unassigned fund balance.

### 16. Revenues and Expenditures/Expenses

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g. general control, education, health and human services, etc.).

Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g. federal grants), available only for specific purposes. Unused restricted revenues at year-end are recorded as restrictions of fund balance. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: Current, Capital Outlay, or Debt Service. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. depreciation, benefits, claims and premiums, and game expense). Operating revenues consist of sales of goods or services,

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

interfund services provided/used, grant revenues for specific activities that are considered operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. For certain loan and investment programs, revenue that would normally be classified as nonoperating should be classified as operating. An example of this would include interest income on loans. All other revenues that do not meet the above criteria should be classified as nonoperating.

#### Grants

Federal grants and assistance awards made based on entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

#### Investment Income

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income, rental income, and investment expenses (which includes investment management and custodial fees, securities lending expense, and all other significant investment related costs). Negative investment income is reported where the decrease in fair value of investments due to market conditions exceeded the other components of investment income.

#### Endowments

Net appreciation on the Educational Institutions' investments of donor-restricted endowments of \$18 million are available for authorization for expenditure by the governing boards of the universities with endowments, which are reported in Net Position as restricted for purposes for which the endowments were established. Donor restricted endowment

disbursements of the net appreciation of investments are permitted in accordance with the Uniform Management of Institutional Funds Act, Chapters 46-9-1 to 46-9-12, NMSA 1978, except where a donor has specified otherwise. Distributions shall not exceed 6.0 percent nor be less than 4.0 percent of the average market value of the endowment. The universities use the total-return policy for authorizing and spending investment income. The universities review the investment earnings designed to support distributions from the pool and to protect the purchasing power of the endowment principal.

#### Retirement and Employee Benefit Costs

Most state employees participate in a defined benefit pension plan administered by the New Mexico Public Employees' Retirement Association and the New Mexico Educational Employees' Retirement Board. Contributions collected for the pension plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefits Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefits costs are recognized in the fiscal year in which the underlying payroll costs are incurred.

#### 17. Deferred Outflows/Inflows of Resources

The statement of financial position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The statement will sometimes report a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### 18. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 19. New Accounting Standards

For the fiscal year ended June 30, 2013, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

*GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements*

GASB Statement No. 60 addresses issues related to certain service concession arrangements (SCAs) between a transferor (a government) and an operator (governmental or non-governmental entity). The State has no arrangements of this nature.

*Statement No. 61, The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units using the blending method. The Statement also clarifies reporting equity interest in legally separate organizations.

*Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-*

*November 30, 1989 FASB and AICPA Pronouncements*

GASB Statement No. 62 incorporates into GASB's standards the accounting and financial reporting guidance that is included in the pronouncements, issued on or before November 30, 1989, of other standard-setting bodies, and which do not conflict with or contradict GASB pronouncements.

*GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position.

#### 20. Future Accounting Standards

The following pronouncements of the Governmental Accounting Standards Board (GASB) are due to be implemented by the State in the year indicated. For all of these new standards, the State has not determined the effect on the financial statements that implementation of the standards will entail. It is anticipated that GASB Statement No. 68, concerning pension plans, will have the greatest impact due to the revised requirements for reporting pension liabilities. GASB Statement No. 65 will have an impact on financial reporting language.

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*

GASB Statement No. 65 requires that certain amounts previously reported as assets and liabilities be reported as deferred outflows of resources and deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. In addition, terminology in the governmental funds financial statements will change.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

The statement is due to be adopted by the state for the fiscal year ending June 30, 2014.

*GASB Statement No. 66, Technical Corrections 2013 – An Amendment of GASB Statements No. 10 and No. 62*

GASB Statement No. 66 amends conflicting guidance with respect to the above-mentioned statements. The statement is due to be adopted by the State for the fiscal year ending June 30, 2014.

*GASB Statement No. 67, Financial Reporting for Pension Plans*

GASB Statement No. 67 revises existing guidance for the financial reporting of most pension plans. This statement is due to be adopted by the State for the fiscal year ending June 30, 2014.

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions*

GASB Statement No. 68 revises and establishes new financial reporting requirements for most state and local governments that provide employees with pension benefits. The statement is due to be adopted by the State for the fiscal year ending June 30, 2015.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is due to be adopted by the State for the fiscal year ending June 30, 2015.

*GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*

GASB Statement No. 70 establishes standards for governments that extend or receive nonexchange financial guarantees in connection with other governments, organizations, or individuals. The statement is due to be adopted by the State for the fiscal year ending June 30, 2014.

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68 with respect to contributions. This statement is due to be adopted by the State at the same time as GASB Statement No. 68.

#### **21.State Auditor Rule Disclosure**

The Office of the State Auditor Rule requires that audit reports contain the following additional schedules:

Schedule of All Funds as Reverting or Nonreverting;  
Schedule of Special, Deficiency, and Capital Outlay Appropriations;  
Schedule of Joint Powers Agreements (JPA) and Memoranda of Understanding (MOU).

Disclosure of these schedules may be found in the stand-alone audit reports which have been issued by the individual State agencies. These are available from the Department of Finance and Administration, Financial Control Division.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2

#### NOTE 2. DETAILED NOTES ON ALL FUNDS

##### A. Cash and Investments

The following schedule lists cash and cash equivalents and investments as presented in the financial statements for the primary government including fiduciary funds (in thousands):

	<u>Balance at June 30, 2013</u>
Financial Statement Amounts	
Primary Government:	
Cash and Cash Equivalents	\$ 570,752
Investment in State General Fund	
Investment Pool	2,110,139
Investment in Local Government	
Investment Pool	56,394
Investments	1,312,580
Restricted Cash and Cash Equivalents	308,950
Restricted Investments	4,032,593
Noncurrent Investments	1,626,773
Fiduciary Funds:	
Cash and Cash Equivalents	2,444,776
Investment in State General Fund	
Investment Pool	1,175,040
Investment in Local Government	
Investment Pool	529
Investments	35,273,019
Component Units:	
Cash and Cash Equivalents	368,953
Investment in Local Government	
Investment Pool	7,746
Restricted Cash and Cash Equivalents	69,354
Current Investments	30,264
Restricted Investments	188,112
Noncurrent Investments	1,252,243
<b>Total</b>	<u><u>\$ 50,828,217</u></u>

##### Primary Government

##### New Mexico State Treasurer

By law, all deposits and investments are under the control of the New Mexico State Treasurer (Treasurer), except for those agencies with specific authority.

##### Cash

Cash on deposit represents the demand deposit account with the fiscal agent bank. Current year transactions reflect all banking activity for the fiscal year as well as the activity of investments purchased and disposed of during the fiscal year. The State Treasurer invests all public monies, with the exception of the New Mexico Lottery and the university funds. The university funds are entirely under the control of the universities. These funds are held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance (BOF). The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund Appropriations Account.

**Custodial Credit Risk.** The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50.0 percent to 102.0 percent of the par value of the investment dependent on the institution's operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50.0 percent of the average investment balance.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

As of June 30, 2013, the funds held by the State Treasurer in the fiscal agency account were exposed to custodial credit risk as follows:

**Office of the State Treasurer  
Custodial Credit Risk  
(Expressed in Thousands)**

	<b>Balance at June 30, 2013</b>
Cash in Banks	\$ 503,198
Less: Deposit of Institutions Which are Fully Insured and Collateralized	<u>443,741</u>
Deposits of Institutions Not Fully Collateralized	59,457
Less: FDIC Insurance Coverage	1,750
Collateral Pledged: Securities	<u>33,146</u>
<b>Subject to Custodial Credit Risk</b>	<b><u>\$ 24,561</u></b>

As of June 30, 2013, collateral pledged to public money deposits was as follows:

**Office of the State Treasurer  
Statutory Collateral Compliance  
(Expressed in Thousands)**

	<b>Fiscal Agent Account</b>	<b>Certificates of Deposit</b>
Cash in Bank *	\$ 131,347	\$ 59,950
Less: FDIC Insurance Coverage	<u>250</u>	<u>1,873</u>
Total Unsecured Public Funds	<u>\$ 131,097</u>	<u>\$ 58,077</u>
Collateral Requirement (50.0% - 102.0% of Uninsured Public Funds)	<u>\$ 65,674</u>	<u>\$ 31,826</u>
Collateral Pledged: U.S. Government Securities Surety Bond	<u>\$ 192,482</u>	<u>\$ 35,385</u>
Collateral Pledged	<u>192,482</u>	<u>35,385</u>
<b>Over Collateralized</b>	<b><u>\$ (126,808)</u></b>	<b><u>\$ (3,559)</u></b>

\* Fiscal agent bank is required to collateralize the monthly average balance.

At June 30, 2013, the Office of the State Treasurer reported the fair value of investments administered by the State Treasurer as follows:

**Office of the State Treasurer  
Schedule of Investments  
(Expressed in Thousands)**

	<b>Balance at June 30, 2013</b>
Fiscal Agent Bank Account	\$ 160,648
Certificates of Deposit	59,950
Cash in Bank	259,519
U.S. Government Securities	2,463,519
Investment in LGIP	4,320
Corporate Bonds	16,327
Municipal Bonds	73,454
Repurchase Agreements	1,085,000
CMO/REMIC	<u>6,261</u>
Subtotal	4,128,998
Less: Interfund Investments	<u>4,320</u>
<b>Total Net Investments</b>	<b><u>\$ 4,124,678</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### State Treasurer - Investments

##### Local Government Investment Pool

Cities, counties, and other non-state agencies may invest monies in the State Treasurer external Local Government Investment Pool (LGIP). The LGIP is not SEC-registered. Chapter 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies, and are either direct obligations of the United States or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and adhere to the same policies and procedures that apply to all other state investments. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2013, the WAM(R) of the LGIP was sixty days and the WAM(F) was eighty-three days. The fund was rated AAAM by Standard and Poor's as of June 30, 2013.

##### Reserve Contingency Fund

The Reserve Contingency Fund was created to hold what was formerly an LGIP investment in the Primary Fund (the Fund), a money market mutual fund established and managed by the Reserve Fund. On September 16, 2008, the Fund wrote down the value of its debt securities issued by Lehman Brothers Holdings, Inc., to zero, driving the net asset value of the fund below \$1.00 to \$0.97 (not in thousands). At that date, the LGIP had \$382 million

invested in the Fund, roughly 23.0 percent of the LGIP's total assets. On September 29, 2008, The Fund announced that it intended to liquidate its assets and distribute the proceeds on a pro rata basis to investors.

In order to preserve the "AAAM" rating assigned by Standard & Poor's to the LGIP, the State Treasurer effected an agreement on behalf of the LGIP and the General Fund CORE portfolio on September 22, 2008. The Agreement provided for the General Fund to purchase all \$382 million shares of the Fund held by the LGIP at the par value of \$1.00 (not in thousands) per share. The LGIP granted the General Fund CORE a "put" option for those shares at par, plus interest at a stated rate.

On February 27, 2009, the State Treasurer informed LGIP participants that it intended to segregate each participant's remaining balance attributable to LGIP holdings in the Fund into a separate fund created by the State Treasurer, the Reserve Contingency Fund. Balances transferred to the Reserve Contingency Fund would be based on each participant's share of the LGIP as of September 15, 2008. Any future distributions from the Primary Fund would flow into the Reserve Contingency Fund and be distributed to LGIP participants on a pro rata basis.

On September 3, 2010, the Fund announced a change in classification of the Fund to a pass-through entity enabling investors to book losses on their Fund positions as of August 31, 2011. The replacement fund is to be known as the "Primary Fund – In Liquidation."

There were a total of seven distributions by the Fund, representing approximately 99.04% of invested balances. On November 24, 2010, the Fund announced that Credarian Fund Services LLC (Credarian) became liquidating services agent for the Fund and that all assets of the Fund had been transferred to Credarian.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

On January 26, 2011, the Primary Fund – In Liquidation announced an 80.0 percent decrease in fund balances coincident with the transfer of assets to Credarian, reflecting ‘deemed distributions’ of pass-through losses as of the August 30, 2010 conversion date.

On July 29, 2011, Credarian released a statement of assets and potential claims for the Primary Fund – In Liquidation. The statement listed fund assets as of May 14 of \$110 million and potential claims on those assets of \$106 million. The remaining \$3.8 million is subject to additional claims by the estate. Distributions to claimants are ongoing and litigation surrounding potential claims has been initiated. Until there is final resolution of the matter, RCF participants have a pro-rata claim on any distributed assets.

On November 12, 2012, the jury returned a verdict in the case of Securities and Exchange Commission v. Reserve Management Company, Inc. et al (RMCI). One or more parties may appeal from the verdict. The Primary Fund – In Liquidation does not anticipate making any further distributions unless and until the Court resolves various pending motions.

In total, the Fund has returned 99.04% of assets invested to investors as of the date when the Fund assets were frozen and the liquidation process initiated. However, the Reserve Contingency Fund also assumed the cost of the 2008 Put Agreement with the general fund and the net return to participants was less than the return of assets percentage.

At June 30, 2011, investments in the Primary Fund – In Liquidation were held in the SGFIP and in both the Taxable and Tax-Exempt Bond Proceeds Investment Pools. Those investments’ fair market values were marked down by 100.0 percent.

#### Investment Guidelines and Limitations

The investment policy is a comprehensive guide governing the investment functions of the New Mexico State Treasurer with respect to all financial assets of the State of New Mexico invested by the State Treasurer in the exercise of his authority and for which the State Treasurer acts as the investing authority. These assets include, as examples only, the State General Fund, the LGIP, bond proceeds, bond debt service funds, and those pension and permanent funds and other special funds with respect to which the State Treasurer is the investing authority.

The investment policy and the public finance investment decisions of the State Treasurer must serve and satisfy several fiduciary, fiscal, and financial obligations. In making these decisions and in resolving any conflict or competing considerations that may arise from time to time among these obligations, the State Treasurer will observe the following priority:

- Preservation of Principal
- Maintenance of Liquidity
- Maximum Return

The scope of investment authority of the State Treasurer is defined by law. The applicable investment statutes, principally Chapters 6-10-10, 6-10-25, 6-10-26, 6-10-37, 6-10-44, and 6-14-10.1, NMSA 1978, as well as Article VIII, Section 4 of the State Constitution, specify particular types of investments that may be made by the State Treasurer, and they establish certain prerequisites, limitations, and other requirements relating to such investments. The following investment types are statutorily authorized:

- U.S. Government/Agency Obligations
- Commercial Paper
- Corporate Bonds
- Asset-Backed Obligations

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

- Repurchase Agreements
- Bank, Savings and Loan Association, or Credit Union Deposits
- Variable Rate Notes
- Tax Exempt Securities
- Securities Issued by the State or a Political Subdivision of the State, or Any Agency, Institution or Instrumentality of the State or a Political Subdivision
- Money Market Mutual Funds
- Local Government Investment Pool

**Custodial Credit Risk.** Custodial credit risk is the risk that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the State Treasurer, and are held by either the counterparty or the counterparty's trust department or agent but not in the State Treasurer's name.

The State Treasurer's investment policy for safekeeping and custody states that all investment securities purchased by the State, held as collateral on repurchase agreements or held as collateral on securities lending arrangements shall be held in third-party safekeeping at a fiduciary qualified to act in this capacity. All securities held for the State account will be held free and clear of any lien and all transactions will be conducted in compliance with Chapter 6-10-

100, NMSA 1978, which requires contemporaneous transfer and same day settlement. On a monthly basis, the custodian will provide reports, which list all transactions that occurred during the month, and all securities held for the State at month-end, including the book and market value of holdings. The fiscal agent and representatives of the custodian responsible for, or in any manner involved with, the safekeeping, and custody process of the State shall be bonded in such a fashion as to protect from losses from malfeasance and misfeasance.

All investment and collateral securities were held by the State Treasurer or its Custodian in the name of the State Treasurer. As of June 30, 2013, \$46.9 million of the State Treasurer's bank balances of \$364.2 million was exposed to custodial credit risk as uninsured and uncollateralized.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations or investments guaranteed by the U.S. Government are excluded from this requirement. The State Treasurer's fixed income portfolio investment policy sets credit quality rating guidelines and benchmark indices for each of its sub-assets and/or as outlined in each portfolio manager contract.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

The quality rating of investments in fixed income securities as described by a nationally recognized statistical rating organization (Standard & Poor's) at June 30, 2013, were as follows:

**Office of the State Treasurer**  
**Quality Rating of Investments**  
*(Expressed in Thousands)*

Issuer	Rating	Fair Value	Percentage of Portfolio
Investments Subject to Credit Risk -			
Standard & Poor's Ratings:			
U.S. Government Agency	AAA	\$ 72,859	1.7%
Municipal Bonds	AAA	18,784	0.5%
Corporate Bonds	AAA	16,327	0.4%
Investment in LGIP	AAAm	4,320	0.1%
U.S. Government Agency	AA+	1,556,947	37.6%
U. S. Treasuries	AA+	833,713	20.1%
Corporate Bonds	AA+	6,261	0.2%
Municipal Bonds	AA+	2,589	0.1%
Municipal Bonds	AA	30,393	0.7%
Municipal Bonds	AA-	4,499	0.1%
Municipal Bonds	A+	414	0.0%
Municipal Bonds	A	2,723	0.1%
Investments Subject to Credit Risk - S & P Ratings		2,549,829	61.6%
Moody's Ratings:			
Municipal Bonds	Aa1	11,776	0.3%
Municipal Bonds	Aa2	26	0.0%
Municipal Bonds	MIG1	2,249	0.1%
Investments Subject to Credit Risk - Moody's Ratings		14,051	0.4%
Not Rated:			
Overnight Repurchase Pool	Not Rated	1,085,000	26.3%
Certificates of Deposit	Not Rated	59,950	1.5%
Cash	Not Rated	420,168	10.2%
Investments Subject to Credit Risk - Not Rated		1,565,118	38.0%
Total Investments		4,128,998	100.0%
Less: Interfund Investments		4,320	
<b>Total Net Investments</b>		<b>\$ 4,124,678</b>	

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. It is the policy of the State to diversify its investments portfolios. Assets shall be diversified to reduce the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The following diversification limitations shall be imposed on the portfolio:

1. Investment maturities will be staggered to avoid undue concentration of assets in a specific maturity sector and to reflect cash flow requirements.
2. Investments in callable instruments are permitted for the State General Fund, but the amount invested in callable instruments should not exceed 25.0 percent of the total amount invested from the State General Fund. Investment in callable investments may be allowed in the local government investment pool, bond proceeds, bond debt service funds and such pension and permanent fund monies for which the State Treasurer is the investing authority. Investment in callable investments is prohibited for tax and revenue anticipation note proceeds (and any other liquidity vehicle).
3. The maximum level of certificate deposits (CD) for the entire portfolio shall be \$400 million with not more than \$30 million in any single financial institution. The State Board of Finance urges banks to loan this money out to their respective local communities to spur economic development.
4. Investments in commercial paper, corporate bonds, and asset-backed obligations shall not exceed 40.0 percent of assets of each portfolio. Commercial paper and corporate bonds shall be limited, per issuer, to 5.0 percent of each portfolio.
5. Investments in U.S. Agency securities issued by a single agency shall be limited to 35.0 percent of the combined portfolios.
6. Investment in repurchase agreements from any single provider shall be limited to 35.0 percent of the combined portfolios.
7. Investment in commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government, with a final maturity not to exceed the expiration date of any such guarantee, shall not exceed 40.0 percent of the assets of each portfolio. Commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government shall be limited, per issuer, to 20.0 percent of each portfolio.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Investments with a single issuer of 5.0 percent or greater at June 30, 2013, were as follows:

**Office of the State Treasurer**  
**Concentration of Credit Risk**  
**Single Issuer Investments - Five Percent or Greater of Total Investments**  
*(Expressed in Thousands)*

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Investments Subject to Concentration Risk:		
U.S. Government Agency Obligations:		
FNMA	\$ 704,577	17.1%
FHLMC	471,181	11.4%
FHLB	300,631	7.3%
Overnight Repurchase Pool*	<u>1,085,000</u>	<u>26.3%</u>
Investments Subject to Concentration Risk	<u>2,561,389</u>	<u>62.1%</u>
Securities comprising less than five percent of the total and exceptions to disclosure rule	<u>1,563,289</u>	<u>37.9%</u>
<b>Total Net Investments</b>	<b><u><u>\$ 4,124,678</u></u></b>	<b><u><u>100.0%</u></u></b>

\*Individual issuers not available.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The State Treasurer recognizes that any portfolio of marketable investment securities is subject to interest rate risk. The State Treasurer, in an attempt to limit the possibility of loss due to interest rate fluctuations, will attempt to match investments with anticipated cash requirements. The State Treasurer or designee shall give particular emphasis to the following factors when selecting a specific security for inclusion in the portfolio:

1. Relative Yield to Maturity: Comparison of return available from alternative investment media for comparable maturity dates.
2. Marketability: Analysis of relative marketability of alternative investments in case of forced sale and/or possibility of future trades.
3. Intermarket Yield Analysis: Analysis of the spread relationship between sectors of the market (e.g. Treasury Bonds or Bills versus Agency Bonds or Discount Notes), to take advantage of aberrations in yield differentials.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

4. Yield Curve Analysis: Analysis of the slope of the yield curve to determine the most attractive maturities for earning maximum return with minimal risk.

Maturities on investment at June 30, 2013, were as follows:

5. General Economic and Interest Rate Outlook: Review and analysis of current literature on interest rate projections to assist in timing transactions and selecting appropriate maturities.

**Office of the State Treasurer**  
**Maturities on Investments**  
*(Expressed in Thousands)*

Issuer	Fair Value	Total	
		Less Than 1 Year	1-5 Years
Investments Subject to Interest Rate Risk:			
U.S. Treasuries	\$ 833,712	\$ 382,209	\$ 451,503
U.S. Government Agencies	1,629,806	411,246	1,218,560
Corporate Bonds	22,588	22,588	-
Municipal Bonds	73,454	38,369	35,085
Certificates of Deposit	59,950	59,950	-
Overnight Repurchase Pool	1,085,000	1,085,000	-
CMO/REMIC	4,320	4,320	-
Investments Subject to Interest Rate Risk	3,708,830	<b>\$ 2,003,682</b>	<b>\$ 1,705,148</b>
Investments Not Subject to Interest Rate Risk:			
Cash	420,168		
Total Investments	4,128,998		
Less: Interfund Investments	4,320		
<b>Total Net Investments</b>	<b>\$ 4,124,678</b>		

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The State Treasurer's investment policy does not have a specific policy on foreign currency risk. However, the listing of permissible investments includes descriptions on the limitations related to each investment type.

All holdings at June 30, 2013 were denominated in United States dollars.

#### Securities Collateral

The State's Investment Policy states that no repurchase agreement shall be entered into unless the contract is fully secured by deliverable obligations of the United States or other securities backed by the United States having a market value of at least 102.0 percent of the amount of the contract. The State's collateral requirements follow:

1. The market value of the collateral including accrued interest must be equal to 102.0 percent of the amount of cash transferred by the State to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the market value of securities held as collateral slips below 102.0 percent of the value of the cash transferred plus accrued interest, then additional cash and/or acceptable securities must be delivered to the third party custodian sufficient to cure any deficiency; and
2. For repurchase agreements with terms to maturity of greater than one (1) day, the State

will value the collateral securities continuously and require that, if additional collateral is required, then that collateral must be delivered within one business day. If a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated; and,

3. The collateral on all repurchase agreements will have a maturity date that exceeds the term of the repurchase agreement. If the duration of the collateral is longer than 10 years than the term of the repurchase agreement, then the collateral margin must be 103.0 percent to compensate for market risk.

Credit ratings, concentration of risk, and maturities on collateral securities at June 30, 2013, were as follows:

**Office of the State Treasurer**  
**Collateral Securities with Single Issuer -**  
**Five Percent or Greater of Portfolio**  
*(Expressed in Thousands)*

<u>Issuer</u>	<u>Fair Value</u>
Investments Subject to Interest Rate Risk: U.S. Government	
<b>Mortgage-backed Securities</b>	<b><u>\$ 1,115,150</u></b>

**Maturities on Collateralized Securities**

	<u>Greater Than</u>	
<u>11-20 Years</u>	<u>20 Years</u>	<u>Total</u>
<b><u>\$752,765</u></b>	<b><u>\$362,385</u></b>	<b><u>\$1,115,150</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### State Investment Council (Council)

In accordance with Chapter 6-8, NMSA 1978, the Council is authorized to invest in domestic and international stocks, debt obligations of the U.S. government, its agencies, or instrumentalities, debt obligations of any U.S. or foreign corporation, partnerships, or trusts with an investment-grade rating from a national rating service, real estate investments, national private equity investments, repurchase agreements secured by U.S. obligations or other securities backed by the U.S., and hedge funds.

#### Cash

The following schedule is a reconciliation of the Council's cash and cash equivalents as they are being reported in the financial statements:

<b>State Investment Council Fiduciary Funds Reconciliation of Cash and Cash Equivalents Amounts Reported (Expressed in Thousands)</b>	
<b>Fund</b>	<b>Balance at June 30, 2013</b>
Governmental Activities:	\$
Land Grant Permanent Fund	32,892
Severance Tax Permanent Fund	162,134
Tobacco Settlement Fund (Included in General Fund)	8,261
Fiduciary Activities:	
State Investment Council External Trust Fund	10,844
Land Grant Permanent Fund Private Purpose Trust Fund	425,786
Water Trust Fund	658
<b>Total Reported by the State Investment Council</b>	<b><u>\$ 640,575</u></b>

**Custodial Credit Risk.** The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession

of an outside party. As of June 30, 2013, the Council's cash and cash equivalent deposits were not exposed to custodial credit risk.

#### Investments

The following schedule is a reconciliation of the Council's investments as they are being reported in the financial statements:

<b>State Investment Council Fiduciary Funds Reconciliation of Investment Amounts Reported (Expressed in Thousands)</b>	
<b>Fund</b>	<b>Balance at June 30, 2013</b>
Governmental Activities:	
Current Investments	\$ -
Noncurrent Investments *	5,016,744
Business-type Activities:	
Current Investments	
Noncurrent Investments *	1,307,128
Fiduciary Activities:	
Retiree Health Care Authority	272,563
State Investment Council External Trust Fund	58,930
Land Grant Permanent Fund Private Purpose Trust Fund	9,841,971
Water Trust Fund	46,019
Scholarship Fund	23,910
Other Agency *	11,605
Component Units **	32,928
<b>Total Reported by the State Investment Council</b>	<b><u>\$ 16,611,798</u></b>

\*Amount is combined and reported with other investments in the Noncurrent Investment line. See investment reconciliation for the Educational Institutions.

\*\*Amount is combined and reported with other investments under the line item restricted investments. See investment reconciliation for New Mexico Mortgage Finance Authority.

**Custodial Credit Risk.** As of June 30, 2013, the Council's investments were not exposed to custodial credit risk.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

*Credit Risk – Debt Investments.* Currently, the Council does not have a policy for the Core Bond Fund that restricts purchases of securities to those above a certain rating as rated by one or more of the national rating agencies.

The Council's investments and the exposure to credit risk at June 30, 2013 are as follows:

**State Investment Council**  
**Quality Rating of Investments**  
*(Expressed in Thousands)*

<b>Investment</b>	<b>Rating</b>	<b>Fair Value</b>
Investments Subject to Credit Risk - S&P Ratings:		
Commercial Mortgage-backed	AAA	\$ 108,315
Asset-backed Securities	AAA	57,299
Nongovernment-backed C.M.O.s	AAA	4,001
Corporate Bonds	AAA	1,904
Municipal Bonds	AAA	1,885
Mortgage-backed Securities	AA+	387,896
Nongovernment-backed C.M.O.s	AA+	49,227
Government Bonds	AA+	80,827
Asset-backed Securities	AA+	20,078
Corporate Bonds	AA+	15,890
Demand Notes	AA+	3,905
Commercial Mortgage-backed	AA+	748
Corporate Bonds	AA	9,273
Asset-backed Securities	AA	16,569
Government Bonds	AA	8,492
Municipal Bonds	AA	7,016
Commercial Mortgage-backed	AA	2,381
Nongovernment-backed C.M.O.s	AA	160
Corporate Bonds	AA-	9,358
Municipal Bonds	AA-	6,731
Government Bonds	AA-	1,315
Nongovernment-backed C.M.O.s	AA-	323
Corporate Bonds	A+	44,295
Municipal Bonds	A+	33,142
Commercial Mortgage-backed	A+	9,128

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**State Investment Council**  
**Quality Rating of Investments (Continued)**  
*(Expressed in Thousands)*

<b>Investment</b>	<b>Rating</b>	<b>Fair Value</b>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Asset-backed Securities	A+	\$ 4,565
Government Bonds	A+	2,431
Nongovernment-backed C.M.O.s	A+	163
Corporate Bonds	A	88,522
Commercial Mortgage-backed	A	21,294
Municipal Bonds	A	8,985
Asset-backed Securities	A	8,163
Nongovernment-backed C.M.O.s	A	2,850
Corporate Bonds	A-	201,707
Municipal Bonds	A-	5,622
Commercial Mortgage-backed	A-	1,867
Commercial Paper	A2	4,291
Corporate Bonds	BBB+	66,857
Commercial Mortgage-backed	BBB+	2,924
Asset-backed Securities	BBB+	17,052
Nongovernment-backed C.M.O.s	BBB+	128
Corporate Bonds	BBB	197,397
Commercial Mortgage-backed	BBB	2,180
Asset-backed Securities	BBB	1,629
Government Bonds	BBB	11,391
Corporate Bonds	BBB-	202,714
Commercial Mortgage-backed	BBB-	15,300
Asset-backed Securities	BBB-	3,971
Government Bonds	BBB-	15,475
Corporate Bonds	BB+	106,069
Government Bonds	BB+	10,634
Asset-backed Securities	BB+	1,564
Nongovernment-backed C.M.O.s	BB+	1,003
Corporate Bonds	BB	94,615
Government Bonds	BB	9,703
Corporate Bonds	BB-	82,906
Nongovernment-backed C.M.O.s	BB-	991
Corporate Bonds	B+	44,858
Nongovernment-backed C.M.O.s	B+	1,953
Corporate Bonds	B	47,628
Nongovernment-backed C.M.O.s	B	978
Corporate Bonds	B-	24,625

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**State Investment Council**  
**Quality Rating of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Asset-backed Securities	B-	\$ 3,283
Corporate Bonds	CCC+	14,347
Asset-backed Securities	CCC	33,705
Nongovernment-backed C.M.O.s	CCC	9,946
Corporate Bonds	CCC	3,974
Nongovernment-backed C.M.O.s	CC	9,692
Nongovernment-backed C.M.O.s	D	24,809
Investments Subject to Credit Risk - S&P Ratings		<u>2,294,919</u>
Investments Subject to Credit Risk - Not Rated:		
Asset-backed Securities	Not Rated	56,823
Corporate Bonds	Not Rated	151,690
Nongovernment-backed C.M.O.s	Not Rated	53,058
Commercial Mortgage-backed	Not Rated	42,047
Government Bonds	Not Rated	14,476
Money Markets	Not Rated	496,963
Investments Subject to Credit Risk - Not Rated		<u>815,057</u>
Total Investments Subject to Credit Risk		<u>3,109,976</u>
Investments Not Subject to Credit Risk:		
Private Equity, Equity Securities, and Real Estate	N/A	\$ 13,448,769
NM Film Investments	N/A	15,000
Government Agencies	N/A	38,053
Investments Not Subject to Credit Risk		<u>13,501,822</u>
<b>Total Investments</b>		<b><u><u>\$ 16,611,798</u></u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Interest Rate Risk.** The Council does not have a policy for interest rate risk management, but its practice is to address interest rate risk through the

management of debt investment duration. At June 30, 2013, exposure to interest rate risk was as follows:

**State Investment Council  
Maturities on Investments  
(Expressed in Thousands)**

Investment	Fair Value	Total					Life Not Available
		Less than 1 year	1-5 years	6-10 Years	Greater than 10 years		
Investments Subject to Interest Rate Risk:							
Asset-backed Securities	\$ 228,960	\$ 146,642	\$ 59,753	\$ 16,563	\$ 6,002	\$ -	
Commercial Paper	4,291	4,291	-	-	-	-	
Commercial Mortgage-backed	206,183	131,460	-	5,244	69,479	-	
Corporate Bonds	1,479,000	181,060	483,694	608,179	206,067	-	
Demand Notes	3,905	3,905	-	-	-	-	
Derivatives/Interest Rate Swap	193	(6,425)	(2,389)	408	8,599	-	
Government Bonds	815,995	183,565	230,220	317,641	84,569	-	
Money Market	6,428	-	-	-	-	6,428	
Mortgage-backed Securities	448,818	16,818	154	15,049	416,797	-	
Municipal/Provincial Bonds	63,383	-	479	-	62,904	-	
Nongovernment-backed C.M.O.s	164,280	87,273	3,949	6,395	66,663	-	
U.S. Treasury Bonds/Bills/Notes	470	470	-	-	-	-	
Investments Subject to Interest Rate Risk	3,421,906	<u>\$ 749,059</u>	<u>\$ 775,860</u>	<u>\$ 969,479</u>	<u>\$ 921,080</u>	<u>\$ 6,428</u>	
Investments Not Subject to Interest Rate Risk:							
Securities, Equity, Real Estate, and NM Film Investments	13,189,892						
<b>Total Investments</b>	<u>\$ 16,611,798</u>						

**Concentration of Credit Risk.** As of June 30, 2013, the Council's investments were not exposed to concentration of credit risk as no single issuer represented 5.0 percent of total investments

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates could adversely

affect an investment's or deposits fair value. This risk is eliminated in the Core Bond and High-Yield Bond pools by adhering to the Council's policy that all securities be denominated in U.S. dollars, and is managed in the equity pools by limiting the size of the internationally invested funds.

A summary of the investment's exposure to foreign currency credit risk at June 30, 2013 follows:



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**State Investment Council**  
**Foreign Currency Risk**  
**International Investment Securities at Fair Value**  
*(Expressed in Thousands)*

<u>Foreign Currency</u>	<u>Common Stock</u>	<u>Partnerships, Preferred Stock, and Rights/ Warrants</u>	<u>Real Estate Investment Trusts and Derivatives</u>	<u>Cash and Cash Equivalents</u>
Australian Dollar	\$ 116,842	\$ 7	\$ -	\$ 13
Brazilian Real	49,934	35,380	-	67
British Pound Sterling	314,351	165	1,720	737
Chilean Peso	15,657	1,366	-	36
Chinese Yuan (Renminbi)	388	-	-	-
Czech Koruna	2,078	-	-	3
Danish Krone	16,252	-	-	27
Egyptian Pound	2,047	-	-	336
Euro	381,902	196,551	4,559	10,017
Hong Kong Dollar	202,169	-	1,453	1,074
Hungarian Forint	2,083	-	-	69
Indonesian Rupiah	28,218	-	-	-
Israeli Shekel	7,278	-	-	348
Japanese Yen	325,398	-	3,343	2,227
Malyasian Ringhit	35,258	-	-	(11)
Mexican Peso	37,494	-	-	13
New Taiwan Dollar	105,303	-	-	1,181
New Turkish Lira	17,251	-	-	29
New Zealand Dollar	1,725	-	-	1
Norwegian Krone	11,981	-	-	285
Philippine Peso	9,240	-	-	-
Polish Zloty	13,786	-	-	13
Singapore Dollar	22,528	-	1,251	358
South African Rand	63,423	-	-	57
South Korean Won	123,714	5,511	-	4
Swedish Krona	45,244	-	-	24
Swiss Franc	134,123	-	-	36
Thai Baht	25,203	-	-	-
Global Depository Receipt - Euro	-	-	-	13,903
Subtotal	<u>2,110,870</u>	<u>\$ 238,980</u>	<u>\$ 12,326</u>	<u>30,847</u>
Partnerships, Pref. Stock, Rights, Warrants, Real Estate Investment Trusts, and Derivatives	<u>251,306</u>			<u>-</u>
Total Investments and Cash and Cash Equivalents Subject to Foreign Currency Risk	2,362,176			30,847
Investments and Cash and Cash Equivalents Not Subject to Foreign Currency Risk	<u>14,249,622</u>			<u>609,729</u>
<b>Total Investments and Cash and Cash Equivalents</b>	<b><u>\$ 16,611,798</u></b>			<b><u>\$ 640,576</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Educational Institutions

The following is a reconciliation of the investments being reported by the Educational Institutions in the financial statements:

<b>Educational Institutions</b>	
<b>Reconciliation of Reported Investment Balances</b>	
<i>(Expressed in Thousands)</i>	
<u>Fund</u>	<u>Balance at June 30, 2013</u>
Investments:	
Current	\$ 316,182
Included in Investment in Local Government Investment Pool	39,330
Noncurrent	<u>1,600,289</u>
Total Investments	1,955,801
Less:	
Investments Held by State Investment Council:	
Land Grant Permanent Fund	1,183,147
State Investment Council Investment Pools	82,900
State Treasurer's Local Government Investment Pool	<u>39,330</u>
<b>Total Separately Held Investments</b>	<b><u>\$ 650,424</u></b>

**Custodial Credit Risk.** As of June 30, 2013, the Educational Institutions' investments were not exposed to custodial credit risk.

**Credit Risk.** The Educational Institutions' investment policy limits investment in money market instruments and other securities of commercial banks, broker-dealers, or recognized financial institutions to those rated in the highest Rating Category by a nationally recognized statistical rating organization (NRSRO) or which are guaranteed by a person or entity whose long-term debt obligations are rated in the highest Ratings Category by a NRSRO. This includes without limitation, securities of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USC Sections 80(a)-1 et. Seq., which invest only in obligations of the government of the United States of America or securities that are secured by obligations of the government of the United States of America.

The Educational Institutions' investments exposure to credit risk at June 30, 2013, was as follows:

<b>Educational Institutions</b>		
<b>Quality Ratings of Investments</b>		
<i>(Expressed in Thousands)</i>		
<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings:		
Municipal Bonds	AAA	\$ 1,337
Corporate Bonds	AAA	<u>580</u>
Investments Subject to Credit Risk - S&P Ratings		<u>1,917</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Educational Institutions**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - Moody's Ratings:		
U.S. Government Agencies	Aaa	\$ 128,232
Municipal Bonds	Aaa	3,239
International Bonds	Aaa	2,380
Corporate Bonds	Aaa	1,421
Notes Receivable	Aa1	357
Corporate Bonds	Aa1	5,462
Municipal Bonds	Aa1	3,505
Corporate Bonds	Aa2	5,869
Municipal Bonds	Aa2	5,109
Corporate Bonds	Aa3	17,016
Municipal Bonds	Aa3	1,547
Municipal Bonds	A1	1,635
Corporate Bonds	A1	20,040
Corporate Bonds	A2	20,998
Corporate Bonds	A3	12,212
Corporate Bonds	Baa1	2,950
Repurchase Agreements	Baa1	13,425
Corporate Bonds	Baa2	3,214
Corporate Bonds	Baa3	756
Investments Subject to Credit Risk - Moody's Ratings		<u>249,367</u>
Investments Subject to Credit Risk - Not Rated:		
U.S. Government Agencies		8,440
Corporate Bonds		1,306
Municipal Bonds		3,271
Money Market		54,291
Mutual Funds		34
Certificates of Deposit		21,775
Investments Subject to Credit Risk - Not Rated		<u>89,117</u>
Total Investments Subject to Credit Risk		340,401
Less: Foundation Investments Held in Consolidated Pool		(162,220)
Investments Not Subject to Credit Risk		<u>472,243</u>
<b>Total - Separately Held Investments</b>		<u><u>\$ 650,424</u></u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Concentration of Credit Risk.** Concentration of credit risk is as follows:

Educational Institutions Concentration of Credit Risk Single Issuer Investments - Five Percent or Greater of Total Investments (Expressed in Thousands)		
Issuer	Fair Value	Percentage of Institution's Portfolio
Investments Subject to Concentration Risk:		
UNM - U. S. Treasuries	\$ 79,176	10.7%
UNM - Vanguard U. S. Stock Fund	62,897	8.5%
Investments Subject to Concentration Risk	142,073	
Securities comprising less than five percent of the total and exceptions to disclosure rule	508,351	
<b>Total Separately Held Investments</b>	<b>\$ 650,424</b>	

**Interest Rate Risk.** In accordance with the Educational Institutions' investments policies, investment maturities are scheduled to coincide with the Educational Institutions' projected cash requirements. The Educational Institutions do not commit any discretionary funds to financial instruments with maturities longer than 10 years from the date of purchase. Funds are only committed to maturities longer than five years from date of purchase if directly related to a specific capital or other long-term project. The maturity dates on non-discretionary fund investments do not exceed the final maturity dates established within the funds' restrictive purposes. Investment maturities at June 30, 2013, and exposure to interest rate risk were as follows:

Investment	Fair Value	Educational Institutions Maturities on Investments (Expressed in Thousands)			
		Total			
		Less than 1 year	1-5 years	6-10 years	Greater Than 10 Years
Investments Subject to Interest Rate Risk:					
Corporate Bonds	\$ 90,517	\$ 20,214	\$ 70,196	\$ 106	\$ 1
International Bonds	2,380	2,380	-	-	-
Certificates of Deposit	23,032	9,406	13,622	4	-
Repurchase Agreements	13,425	13,425	-	-	-
U.S. Treasury Securities	83,297	14,585	68,712	-	-
U.S. Government Agency Securities	135,673	22,779	109,752	3,142	-
Money Market Funds	49,625	49,625	-	-	-
Mutual Funds	98	98	-	-	-
Municipal Bonds	19,643	1,227	18,416	-	-
Note Receivable	357	-	357	-	-
Investments Subject to Interest Rate Risk	418,047	\$ 133,739	\$ 281,055	\$ 3,252	\$ 1
Investments Not Subject to Interest Rate Risk:					
Cash	97				
Money Market Deposits	10,207				
U.S. Government Bonds	1,000				
Mutual Funds	207,603				
Corporate stocks	1,306				
Equity Investments	25,400				
Alternative and Other Investments	148,984				
Investments Not Subject to Interest Rate Risk	394,597				
Less: Foundation Investments in Consolidated Pool	162,220				
<b>Total Separately Held Investments</b>	<b>\$ 650,424</b>				

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Foreign Currency Risk.** As of June 30, 2013, the Educational Institutions' investments were exposed to foreign currency risk as follows:

<b>Educational Institutions Foreign Currency Risk International Investment Securities at Fair Value (Expressed in Thousands)</b>	
<b>Foreign Currency</b>	<b>Foreign Government Bonds</b>
Canadian Dollar	\$ 2,380
Total Investments Subject to Foreign Currency Risk	2,380
Investments Not Subject to Foreign Currency Risk	648,044
<b>Total Separately Held Investments</b>	<b>\$ 650,424</b>

#### **Pension Benefits Fiduciary Funds**

##### **Cash**

**Custodial Credit Risk.** PERA and ERB do not have a deposit policy for custodial credit risk. As of June 30, 2013, there were no cash balances exposed to custodial credit risk. All of PERA's cash is invested in commercial paper, government agencies, and asset backed securities with Standard and Poor's ratings of at least AA. All of ERB's cash is invested in a mutual fund consisting of 100.0 percent U.S. Treasury securities. These securities are presented in a separate schedule of custodial credit risk.

##### **Investments**

The following is a reconciliation of the investments being reported by the pension plans in the financial statements:

<b>Public Employees Retirement Association, Educational Retirement Board, and Retiree Health Care Authority Reconciliation of Reported Investment Balances (Expressed in Thousands)</b>	
<b>Fund</b>	<b>Balance at June 30, 2013</b>
Public Employees Retirement	\$ 12,581,296
Judicial Retirement	80,154
Magistrate Retirement	31,134
Volunteer Firefighters Retirement	52,960
Deferred Compensation (IRC 457) Plan	422,546
Educational Employees' Retirement System	9,439,289
Retiree Health Care Authority	272,563
Total Investments	22,879,942
Less:	
Investments Held by State Investment Council:	272,563
<b>Total Investments</b>	<b>\$ 22,607,379</b>

**Custodial Credit Risk.** All of the PERA's and ERB's securities are held by the third party custodian, independent of any counterparty; therefore, there is minimal risk that PERA and ERB will not be able to recover the value of its investments or collateral securities held by a counterparty.

PERA's investment policy specifically defines the custodian's duties as it pertains to holding of the assets, collection of income generated from the assets, and assisting PERA for the accounting of said assets.

ERB's investment policy limits holding of securities by counterparties to those involved with securities lending. In the event of the failure of the counterparty to deliver back the borrowed securities, ERB will sell the collateral securities and offset any gains or losses with the counterparty. All of the investments of the Retiree Health Care Authority were held by the State Investment Council.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Investments exposed to custodial credit risk at June 30, 2013, were as follows:

<b>Public Employees Retirement Association and Educational Retirement Board Custodial Credit Risk (Expressed in Thousands)</b>		<b>Held in the Name of the Fund by the Fund's Custodial Bank</b>
<b>Asset Type</b>		
Fixed Income Investments:		
U.S. Government Bonds and Agency Securities	\$	1,118,555
International Government Bonds and Agency Securities		528,003
U.S. Municipal Bonds		33,784
Mutual Bonds		39,832
Corporate Bonds		1,885,788
International Corporate Bonds		285,553
U.S. Government Mortgage-backed Securities		587,895
Commercial Mortgage-backed Securities		160,789
Asset-backed Securities		867,547
International Asset-backed Securities		29,991
Nongovernment C.M.O.s		76,678
International Nongovernment C.M.O.s		603
Total Fixed Income Investments		<u>5,615,018</u>
Equities:		
International Common Stock		3,848,027
Domestic Common Stock		6,155,921
U.S. Venture Capital & Partnerships		2,468,909
International Venture Capital and Partnerships		61,132
Alternative Investments		276,127
International Preferred Stock		50,537
Domestic Preferred Stock		19,543
Domestic American Depository Receipt (ADR)		39,297
International American Depository Receipt (ADR)		2,425
Domestic Global Depository Receipt (GDR)		11,661
International Global Depository Receipt (GDR)		19,746

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Custodial Credit Risk (Continued)**  
*(Expressed in Thousands)*

<b>Asset Type</b>	<b>Held in the Name of the Fund by the Fund's Custodial Bank</b>
Domestic Real Estate Investment Trust (REIT)	\$ 173,914
International Real Estate Investment Trust (REIT)	17,357
Exchange Traded Fund	5,320
Domestic Rights/Warrants	1,188
International Rights/Warrants	80
Hedge Fund of Funds	463,854
Private Equity	670,818
Private Real Estate	199,274
Infrastructure	116,053
Natural Resources	48,890
Other Investments	1,581,576
Total Equities and Other Investments	<u>16,231,649</u>
Total Held by Fund's Custodial Bank	21,846,667
Custody Arrangements Contracted by Fund Manager:	
Securities Lending Collateral Investments	<u>338,166</u>
Total Investments Subject to Custodial Credit Risk	22,184,833
IRC 457 Fund Investments Directed by Participants	<u>422,546</u>
<b>Total Investments</b>	<b><u><u>\$ 22,607,379</u></u></b>

**Credit Risk.** PERA's investment policy restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations.

ERB requires that noncash, interest-paying securities in the high-yield bond portfolios may not exceed 5.0 percent of the market value of the portfolio and that investments in cash may represent no more than 5.0

percent of each individual fund. Credit risk is managed through diversification and by operating within defined parameters versus a benchmark index.

Investments exposed to credit risk as described by Standard and Poor's (S&P) at June 30, 2013, were as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Quality Ratings of Investments**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings:		
Government Bonds	AAA	\$ 32,248
Corporate Bonds	AAA	728
Government Mortgage Backed Securities	AAA	98,566
Comm. Mtge. Backed Sec.	AAA	29,162
Asset Backed Securities	AAA	10,151
Nongovernment Backed C.M.O.s	AAA	10,068
Comm. Mtge. Backed Sec.	AAA	20,849
Municipal Agencies	AA+	574
Comm. Mtge. Backed Sec.	AA+	25,173
Corporate Bonds	AA+	24,330
Asset Backed Securities	AA+	8,404
Mortgage-backed Securities	AA+	205,716
Government Bonds	AA+	26,094
Corporate Bonds	AA	9,780
Municipal Agencies	AA	588
Comm. Mtge. Backed Sec.	AA	8,817
Asset Backed Sec.	AA	4,177
Nongovt. Backed C.M.O.s	AA	2,142
Government Bonds	AA-	7,833
Municipal Agencies	AA-	1,260
Comm. Mtge. Backed Sec.	AA-	5,355
Corporate Bonds	AA-	15,328
Asset Backed Securities	AA-	6,035
Corporate Bonds	A+	24,491
Government Bonds	A+	837
Comm. Mtge. Backed Sec.	A+	15,870
Municipal Agencies	A+	881
Asset Backed Securities	A+	3,969
Government Bonds	A	9,984
Corporate Bonds	A	116,299
Comm. Mtge. Backed Sec.	A	13,306
Asset Backed Securities	A	1,535
Municipal Agencies	A	5,791
Government Bonds	A-	42,065



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Asset Backed Sec.	A-	\$ 777
Comm. Mtge. Backed Sec.	A-	7,889
Municipal Agencies	A-	6,949
Corporate Bonds	A-	106,310
Nongovernment Backed C.M.O.s	A-	685
Asset Backed Sec.	BBB+	4,305
Comm. Mtge. Backed Sec.	BBB+	23,482
Government Bonds	BBB+	9,396
Corporate Bonds	BBB+	109,389
Nongovernment Backed C.M.O.s	BBB+	747
Government Bonds	BBB	4,415
Corporate Bonds	BBB	119,872
Asset Backed Securities	BBB	686
Comm. Mtge. Backed Sec.	BBB	7,410
Government Bonds	BBB-	2,225
Comm. Mtge. Backed Sec.	BBB-	10,980
Corporate Bonds	BBB-	112,402
Asset Backed Securities	BBB-	755
Asset Backed Securities	BB+	4,022
Corporate Bonds	BB+	24,648
Government Bonds	BB+	477
Comm. Mtge. Backed Sec.	BB+	690
Comm. Mtge. Backed Sec.	BB	838
Government Bonds	BB	6,543
Corporate Bonds	BB	21,323
Asset Backed Securities	BB	1,844
Comm. Mtge. Backed Sec.	BB	53
Asset Backed Securities	BB-	2,811
Comm. Mtge. Backed Sec.	BB-	483
Corporate Bonds	BB-	17,886
Asset Backed Securities	B+	844
Corporate Bonds	B+	26,849
Bank Loans	B+	7,400
Comm. Mtge. Backed Sec.	B	774

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Corporate Bonds	B	\$ 59,659
Asset Backed Securities	B	1,475
Nongovt. Backed C.M.O.s	B	5
Bank Loans	B	22,272
Asset Backed Securities	B-	726
Corporate Bonds	B-	89,766
Bank Loans	B-	25,129
Corporate Bonds	CCC+	90,102
Bank Loans	CCC+	17,394
Comm. Mtge. Backed Sec.	CCC	3,626
Bank Loans	CCC	16,731
Corporate Bonds	CCC	29,455
Asset Backed Securities	CCC	3,097
Nongovt. Backed C.M.O.s	CCC	1,017
Comm. Mtge. Backed Sec.	CCC	491
Corporate Bonds	CCC-	24,308
Asset Backed Securities	CCC-	526
Comm. Mtge. Backed Sec.	CC	1,194
Corporate Bonds	CC	4,273
Asset Backed Securities	CC	5
Nongovt. Backed C.M.O.s	CC	239
Corporate Bonds	C	1,277
Asset Backed Securities	D	370
Comm. Mtge. Backed Sec.	D	5,046
Corporate Bonds	D	3,000
Investments Subject to Credit Risk - S&P Ratings		<u>1,835,749</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Not Rated:		
Government Bonds	Not Rated	\$ 967,795
Municipal Agencies	Not Rated	28,072
Corporate Bonds	Not Rated	934,066
Government Mortgage Backed Securities	Not Rated	490,968
Comm. Mtge. Backed Sec.	Not Rated	96,332
Asset Backed Securities	Not Rated	162,515
Nongovt. Backed C.M.O.s	Not Rated	62,640
Corporate Convertible Bonds	Not Rated	13
Common Stock	Not Rated	60,019
Preferred Stock	Not Rated	15
Bank Loans	Not Rated	61,995
Other Investments	Not Rated	4,708
Investments Subject to Credit Risk: Not Rated		<u>2,869,138</u>
Total investments subject to credit risk		4,704,887
Investments not Subject to Credit Risk		17,479,946
IRC 457 Fund Investments Directed by Participants		<u>422,546</u>
<b>Total Investments</b>		<b><u>\$ 22,607,379</u></b>

**Concentration of Credit Risk.** PERA's policy over concentration of credit risk is contained in each investment manager's Investment Guidelines. As of June 30, 2013, neither PERA or ERB had any investments with a concentration of 5.0 percent or greater.

**Interest Rate Risk.** PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager. Duration is loosely defined as the dollar

weighted average time to recover all of principal and fixed-income investment. PERA's fixed-income managers are typically limited to duration of plus or minus one year or 20.0 percent of the duration of the applicable portfolio benchmark.

ERB does not have a policy for interest rate risk management. However, interest rate risk is managed through duration by operating within defined risk parameters versus a benchmark index.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Investments and their maturities at June 30, 2013, and their exposure to interest rate risk are as follows:

**Public Employees Retirement Association and Educational Retirement Board**  
**Maturities on Investments**  
*(Expressed in Thousands)*

Investment	Fair Value	Total			Greater Than 10 Years	Life Not Available
		Less than 1 year	1-5 years	6-10 years		
Investments Subject to Interest Rate Risk:						
Asset-backed Securities	\$ 561,878	\$ -	\$ 378,794	\$ -	\$ 183,084	\$ -
U.S. Government and Agency Oblig.	62,067	-	-	62,067	-	-
Corporate Bonds	2,219,993	-	1,035,566	1,184,427	-	-
U.S. Treasury Secs.	276,356	-	-	276,356	-	-
Municipal and Mutual Bonds	74,024	-	-	-	74,024	-
Government Bonds	973,490	-	-	973,490	-	-
Government Mortgage-backed	589,534	-	-	-	589,534	-
Commercial Mortgage-backed	161,339	-	-	-	161,339	-
Nongovernment-backed C.M.O.s	77,543	-	-	-	77,543	-
Fixed Income Derivatives	8,891	-	-	-	-	8,891
International Government Obligations	61,262	-	61,262	-	-	-
Short-term Investments	124,396	124,396	-	-	-	-
Investments Subject to Interest Rate Risk	5,190,773	\$ 124,396	\$ 1,475,622	\$ 2,496,340	\$ 1,085,524	\$ 8,891
Investments Not Subject to Interest Rate Risk:						
Securities, Equity, Real Estate, and NM Film Investments	17,416,606	-	-	-	-	-
<b>Total Investments</b>	<b>\$ 22,607,379</b>					

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Foreign Currency Risk

Exposure to foreign currency risk is as follows:

#### Public Employees Retirement Association and Educational Retirement Board

##### Foreign Currency Risk

##### International Investment Securities at Fair Value

*(Expressed in Thousands)*

<u>Foreign Currency</u>	<u>Equity and Partnerships</u>	<u>Fixed Income</u>	<u>Total Securities</u>	<u>Cash and Cash Equivalents (Overdraft)</u>
UAE Dirham	\$ 2,888	\$ -	\$ 2,888	\$ 56
Australian Dollar	180,562	31,433	211,995	(17,135)
Botswana Pula	1,139	-	1,139	46
Brazilian Real	135,620	3,653	139,273	6,069
British Pound Sterling	593,856	6,065	599,921	(13,548)
Bulgarian New Lev	49	-	49	-
Canadian Dollar	151,880	19,552	171,432	(22,641)
Chilean Peso	13,345	-	13,345	29,871
Chinese Renminbi	955	-	955	1,185
Colombian Peso	9,769	-	9,769	1,109
Croatian Kuna	1,147	-	1,147	30
Czech Koruna	9,424	-	9,424	113
Danish Krone	32,758	-	32,758	212
Egyptian Pound	3,702	-	3,702	455
Euro	881,362	84,031	965,393	(198,589)
Ghanian Cedi	981	15,909	16,890	423
Hong Kong Dollar	348,586	-	348,586	9,763
Hungarian Forint	15,828	27,061	42,889	2,130
Indian Rupee	101,559	416	101,975	15,183
Indonesian Rupiah	54,248	14,234	68,482	887
Japanese Yen	603,101	2,130	605,231	(108,891)
Jordanian Dinar	1,549	-	1,549	-
Kenyan Shilling	1,827	-	1,827	16
Kuwaiti Dinar	3,392	-	3,392	28

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Public Employees Retirement Association and Educational Retirement Board**  
**Foreign Currency Risk (Continued)**  
**International Investment Securities at Fair Value**  
*(Expressed in Thousands)*

<u>Foreign Currency</u>	<u>Equity and Partnerships</u>	<u>Fixed Income</u>	<u>Total Securities</u>	<u>Cash and Cash Equivalents</u>
Latvian Lat	\$ 401	\$ -	\$ 401	\$ 6
Lithuanian Lita	11	-	11	59
Malaysian Ringgit	42,211	40,245	82,456	25,146
Mauritanian Rupee	1,640	-	1,640	-
Mexican Peso	54,281	32,405	86,686	18,718
Moroccan Dirham	1,960	-	1,960	71
New Israeli Shekel	9,829	-	9,829	622
New Taiwan Dollar	121,872	-	121,872	1,780
New Zealand Dollar	4,299	16,394	20,693	2,606
Nigerian Naira	4,718	-	4,718	62
Norwegian Krone	27,576	4,893	32,469	8,061
Omani Rial	1,737	-	1,737	5
Pakistan Rupee	1,627	-	1,627	48
Peruvian Nuevo Sol	3,846	-	3,846	98
Philippine Peso	9,473	6,367	15,840	663
Polish Zloty	34,953	33,303	68,256	18,452
Qatari Riyal	3,128	-	3,128	13
Romanian Leu	1,992	-	1,992	861
Russian Ruble	13,869	-	13,869	1,068
Servian Dinar	-	5,341	5,341	1,668
Singapore Dollar	42,646	7,589	50,235	40,496
South African Rand	88,018	-	88,018	(882)
South Korean Won	256,746	73,889	330,635	13,741
Sri Lankan Rupee	-	6,168	6,168	-
Swedish Krona	73,952	7,315	81,267	51,297
Swiss Franc	236,473	-	236,473	(805)
Thai Baht	59,058	5,221	64,279	(22)
Turkish Lira	62,068	-	62,068	1,250
Ukranian Hryvnia	-	-	-	-
Uruguayan New Peso	-	23,048	23,048	16,663
Vietnam Dong	1,155	-	1,155	46
Total Investments and Cash and Cash Equivalents Subject to Foreign Currency Risk	<u>\$ 4,309,066</u>	<u>\$ 466,662</u>	<u>4,775,728</u>	<u>\$ (91,437)</u>
Investments Not Subject to Foreign Currency Risk			<u>17,831,651</u>	
<b>Total Investments</b>			<u><b>\$ 22,607,379</b></u>	

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Securities Lending

The State Investment Council, as well as the State Public Employee Retirement Association (PERA) and the State Educational Retirement Board, have participated in securities lending programs as authorized by State statute and their respective Board policies. Both the State Investment Council and the Educational Retirement Board have terminated their lending programs.

The types of securities lent are U.S. Treasury Notes and Bonds, U.S. and international equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker-dealer or other lending agent in exchange for collateral in the form of cash, government securities, and/or irrevocable bank letters of credit, with a simultaneous agreement to return the collateral for the same securities in the future. The collateral must equal at least 102.0 percent of the market value of the securities.

Per Board policy, PERA may invest the cash collateral in eligible securities or other investments as defined in the governing securities lending agreement. The duration of investments so made does not generally match the maturities of securities loaned. Securities received as collateral may not be pledged or sold without borrower default.

Total securities on loan at June 30, 2013, had a carrying amount and fair value of \$338.1 million. Under the agreement, the lending agent is required to indemnify the entity if the borrower fails to return the securities, if collateral is inadequate to replace the securities lent, or if the counterparty fails to pay the entity for income distributions by the securities'

issuers while the securities are on loan. There were no such losses during the year ended June 30, 2013, due to borrower default.

The associated cash collateral has been reinvested in other instruments. There was an unrealized loss in invested cash collateral for PERA on June 30, 2013, of \$17,889 (in thousands), which has been reflected in the financial statements.

#### Derivatives

Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The State's investment policies allow certain portfolio managers to trade in certain derivatives for hedging purposes.

The notional or contractual amounts of derivatives indicate the extent of the State's involvement in the various types and uses of derivative financial instruments and do not measure the State's exposure to credit or market risks, and they do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivatives.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Public Employees Retirement Association and Educational Retirement Board

##### Derivative Financial Instruments

(Expressed in Thousands)

Derivative Type	Change in Fair Value		Fair Value		Amount	Value
	Classification	Amount	Classification	Amount		
Equity Derivatives - Futures	Investment Income	\$ (8,380)	Investments	\$ 606,478	\$ 722	\$ 1,010,451
Commodity Futures	Investment Income	3,339	Investments	88,697	975	91,920
Futures *	Investment Income	14	Investments	164	*	-
Fixed Income Derivatives - Options	Investment Income	706	Investments	1,071	115,086	286
Fixed Income Derivatives - Swaps	Investment Income	7,823	Investments	7,823	3,692,699	-
Options Purchased #	Investment Income	6	Investments	-	#	-
Options Sold #	Investment Income	141	Investments	-	#	-
Other Derivatives	Investment Income	(754)	Investments	(647)	(26,740)	113
Swaps - Credit Default Swap Index	Investment Income	183	Investments	76	7,870	-
Swaps - Interest Rate	Investment Income	21	Investments	-	-	-
Swaps - Index	Investment Income	12	Investments	29	284	-
Bond Index Futures	Investment Income	(1,956)	Investments	425,282	(201,320)	(276,040)
Interest Rate Futures	Investment Income	(137)	Investments	35,058	355	35,195
* Futures - Long					4,430	
* Futures - Short					(15,500)	
# Forward Exchange Contracts, Net					403,280	

*Risk* – There are certain risks inherent in investments in derivatives. Counterparties to financial instruments expose the State to credit risk in the event of nonperformance. The fund managers that are authorized to invest in derivatives are given specific parameters as to the types of derivatives invested in and ratings of the counterparties they are allowed to enter into contracts with to ensure transactions are entered into with only high quality institutions. The State is exposed to market risk; the risk that changes in market conditions may make an investment less valuable. Exposure to market risk is managed within risk limits set by management through buying and selling of specific instruments or by entering into offsetting positions. Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. Managers of these assets are given discretion to hedge this risk.

#### Types of Derivatives Instruments

**Foreign Currency Exchange Contracts.** The State may enter into forward contracts to purchase and sell foreign currencies in the normal course of its

investing activities to manage the currency exposure associated with the State's foreign equity and fixed income investments. The terms of these contracts generally do not exceed one year. The credit risk associated with these contracts is minimal as they are entered into with a limited number of highly rated counterparties.

Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Gains and losses on foreign currency may occur to the extent that the fair value of the contracts varies from the actual contract amount, and they are recorded as incurred in the financial statements.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

The following tables summarize the foreign exchange contracts by currency as of June 30, 2013:

<b>Educational Retirement Board</b>				
<b>Foreign Currency Exchange Contracts</b>				
<i>(Expressed in Thousands)</i>				
<b>Currency</b>	<b>Buys</b>	<b>Unrealized Gain (Loss)</b>	<b>Sells</b>	<b>Unrealized Gain (Loss)</b>
Australian Dollar	\$ 3,205	\$ (96)	\$ 3,146	\$ 390
Brazilian Real	5,734	(209)	3,617	144
British Pound	-	-	5,589	22
Canadian Dollar	275	(3)	1,917	49
Chilean Peso	825	(3)	1,639	21
Chinese Yuan Renminbi	1,164	32	1,165	(22)
Colombian Peso	1,178	(72)	-	46
Euro	3,091	(50)	39,029	(17)
Hungarian Forint	6,206	(114)	6,530	28
Indian Rupee	-	(1)	-	1
Indonesian Rupiah	-	(5)	1,646	(6)
Japanese Yen	9,836	(361)	9,876	113
Malaysian Ringgit	184	(8)	-	-
Mexican Peso	18,153	(514)	12,248	424
New Taiwan Dollar	1,555	(5)	1,528	6
New Turkish Lira	3,017	(42)	-	72
Peruvian Nuevo Sol	-	-	239	2
Philippine Peso	2,266	(68)	3,151	143
Polish Zloty	3,867	(44)	814	68
Romanian Leu, New	429	(7)	-	-
Russian Ruble	6,834	(114)	10,980	458
Singapore Dollar	4,299	(67)	5,035	111
South African Rand	4,155	(53)	4,259	16
South Korean Won	6,794	(74)	6,794	121
Thai Baht	-	7	1,738	(5)
U. S. Dollar	118,483	-	80,788	-
<b>Total</b>	<b>\$ 201,550</b>	<b>\$ (1,871)</b>	<b>\$ 201,728</b>	<b>\$ 2,185</b>

<b>Public Employees Retirement Association</b>				
<b>Foreign Currency Derivatives Risk -Market Value</b>				
<i>(Expressed in Thousands)</i>				
<b>Currency</b>	<b>Bond Index Futures</b>	<b>Equity Deriva- tives - Futures</b>	<b>Fixed Income Deriv. - Swaps</b>	<b>Other Derivatives</b>
Australian Dollar	\$ 24,176	\$ 2,372	\$ (27)	\$ -
Brazilian Real	-	-	(402)	-
British Pound Sterling	32,170	5,096	1,115	-
Canadian Dollar	(7,998)	2,996	96	-
Euro	(53,487)	7,063	1,038	701
Hong Kong Dollar	-	1,870	-	-
Indian Rupee	-	-	(82)	-
Japanese Yen	(7,303)	3,967	236	-
Mexican Peso	-	-	(67)	-
New Zealand Dollar	-	-	(135)	-
Polish Zloty	-	-	(12)	-
Russian Ruble	-	-	(79)	-
South African Rand	-	1,357	36	-
<b>Total</b>	<b>\$ (12,442)</b>	<b>\$ 24,721</b>	<b>\$ 1,717</b>	<b>\$ 701</b>
<b>Total Derivative Foreign Currency Risk - Market Value</b>				<b>\$ 14,697</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Futures Contracts.** The State enters into futures contracts in the normal course of its investing activities, including equity futures, fixed income futures, and commodities futures. They are utilized in order to manage market risk associated with the equity and fixed income investments and to achieve overall investment portfolio objectives. These contracts involve elements of market risk in excess of amounts recognized in the statements of Net Position available for benefits. The credit risk associated with these contracts is minimal as they are traded on organized exchanges.

During 2013, the State was a party to futures contracts held for trading purposes for U.S. Treasury bonds and 90-day Euro dollar fixed income futures. Upon entering into a futures contract, the State is required to deposit, either in cash or in securities an amount (initial margin) equal to a certain percentage of the nominal value of the contract. Subsequent payments are then made or received by the State, depending on the daily fluctuation in the value of the underlying contracts.

Cash collateral in the amount of \$1.8 million was held as of June 30, 2013 by the State's broker as performance security on futures contracts.

#### Summary of Outstanding Futures Contracts

	<u>No. of</u>	<u>Notional</u>
	<u>Contracts</u>	<u>Amount</u>
		<u>(In Thousands)</u>
Futures Contracts - Long	134	\$ 4,430
Futures Contracts - Short	107	15,500
		<u>Fair Value</u>
		<u>(In Thousands)</u>
Margin Deposit		\$ 1,800

**Options.** An option is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option), or sell to (put option),

the writer a designated instrument at a specified price within a specified period. Both written and purchased options were used by the State during 2013. When the State purchases or writes an option, an amount equal to the premium paid or received by the State is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Gain or loss is recognized when the option contract expires or is closed. As of June 30, 2013, the value of open written and purchased options was zero.

**Swap Contracts.** Swap contracts are executed on a number of different bases. The two types employed by the State on June 30, 2013, were interest rate swap contracts and credit default swap contracts. An interest rate swap contract is an agreement between two parties to exchange periodic interest payments. One party agrees to make payments to the other based on a fixed rate of interest in exchange for payments based on a variable rate. The State employs interest rate swap contracts to adjust fixed income portfolio durations. A credit default swap contract is similar to an insurance policy; with the credit risk of an individual issuer or a basket of issuers (the "reference asset") the insured factor. Under such a contract, two parties enter into an agreement whereby the first party pays the second party a fixed periodic payment for the specified life of the contract (analogous to an insurance premium). The other party makes no payment unless a credit event related to the reference asset occurs. If such an event takes place, the second party is obligated to make a payment to the first party. The size of the payment is linked to the decline in the reference asset's market value following determination of the occurrence of a credit event.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Hedge Fund.** In addition, the use of other derivatives is allowed under the State's investment policy. The amounts held in hedge derivatives were not material during the year.

**Asset-backed Securities.** The State invests in various forms of asset-backed securities. These securities are held for investment purposes. The credit risk, interest rate risk, and foreign currency risk for these instruments have been disclosed elsewhere in these Notes. At June 30, 2013, the State held the following types of asset-backed securities:

	<u>Amount</u>
Asset-backed Securities	\$ 201,642
Collateralized Mortgage Obligations	118,897
Commercial Mortgage-backed Securities	237,489
Collateralized Debt Obligations	<u>19,150</u>
<b>Total Asset-backed Securities</b>	<b><u>\$ 577,178</u></b>

#### **Education Trust Board (ETB)**

The Education Trust Board (ETB) is responsible for the management of the two higher education savings plans: Scholar's Edge, and The Education Plan (Plans). The Plans are savings vehicles for higher education expenses under Section 529 of the U.S. Internal Revenue Code.

**Investment Risk.** All of the Plan's investments are uninsured and unregistered and are held by a counterparty in ETB's name. The Plan's description and participation agreement provides greater detail

about the investment policies and practices of ETB. ETB does not have formal policies for limiting its exposure to the risks noted below.

**Custodial Credit Risk.** ETB's investments are generally in mutual funds, thus this risk is significantly mitigated.

**Credit Risk.** ETB invests directly in Underlying Investments. The registered Underlying Investments' prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-IA of the Investment Company Act of 1940. Form N-IA discloses information and policies about the Underlying Fund and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the credit risk, if any, by certain nonregistered Underlying Investments.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Credit ratings for the underlying fixed income funds at June 30, 2013, are as follows:

#### New Mexico Education Trust Board Quality Rating of Investments

##### Scholar's Edge Plan

<u>Investment/Rating</u>	<b>Oppen- heimer Global Strategic Income Fund</b>	<b>Oppen- heimer Limited - Term Income Fund</b>	<b>Oppen- heimer Int'l. Bond Fund</b>	<b>American Century Diversified Bond Fund</b>	<b>Mainstay High Yield Corporate Bond Fund</b>
Investments Subject to Credit Risk - NRSRO					
AAA	14.5%	89.7%	19.3%	66.2%	0.0%
AA	2.6%	0.9%	14.1%	4.5%	0.0%
A	10.3%	1.0%	14.7%	10.6%	0.2%
BBB	21.8%	3.4%	32.9%	13.9%	3.1%
BB and Lower	38.9%	1.1%	11.6%	4.7%	93.5%
NRSRO-rated Total	88.1%	96.1%	92.6%	99.9%	96.8%
Not Rated	11.6%	3.7%	6.2%	0.1%	3.2%
Cash and Cash Equivalents - Not Rated	0.3%	0.2%	1.2%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

##### The Education Plan

<u>Investment/Rating</u>	<b>Dreyfus Bond Market Index Fund</b>	<b>Vanguard Intermediate Term Bond Index Fund</b>
Investments Subject to Credit Risk - NRSRO		
AAA	75.5%	54.3%
AA	5.0%	4.5%
A	11.7%	18.6%
BBB	7.8%	22.6%
NRSRO-rated Total	100.0%	100.0%

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Interest Rate Risk.** The market value fluctuations of fixed-income securities that the funds already hold will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect ETB's net asset values.

Duration of years for the underlying fixed income funds at June 30, 2013, are as follows:

#### New Mexico Education Trust Board Maturities on Investments

<u>Investment</u>	<u>1-5 years</u>	<u>6-10 years</u>
<b>The Scholar's Edge:</b>		
Oppenheimer Global Strategic Income Fund		x
Oppenheimer Limited-Term Governmental Fund	x	
Oppenheimer International Bond Fund		x
American Century Diversified Bond Fund		x
Mainstay High Yield Corporate Bond Fund	x	
<b>The Education Plan:</b>		
Dreyfus Bond Market Index Fund		x
Vanguard Intermediate Term Bond Index Fund		x

**Foreign Currency Risk.** ETB does not have a formal policy for limiting its exposure to changes in exchange rates. ETB does invest in various foreign currencies in pooled vehicles. The registered Underlying Investments' prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-IA of the Investment Company Act of 1940. Form N-IA discloses information and policies about the Underlying Fund and its investment objectives, as well as information on the company

structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the credit risk, if any, by certain nonregistered Underlying Investments.

**Guaranteed Investment Contract.** At June 30, 2013, traditional guaranteed investment contracts were valued at \$39,502 (fair value \$39,738). Fair value was confirmed by New York Life.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Discrete Component Units

**New Mexico Finance Authority (NMFA).** The following is a reconciliation of cash and cash equivalents to the financial statements.

<b>New Mexico Finance Authority Cash and Cash Equivalents (Expressed in Thousands)</b>		<b>Carrying Balance</b>
Cash with State Treasurer	\$	10,169
Bank Deposits		354
Repurchase Agreement		418
Government Money Market Funds		205,060
U. S. Treasury Notes		10,037
<b>Total</b>	<b>\$</b>	<b>226,038</b>

**Credit Risk.** NMFA shall be in accordance with Chapters 6-10-10 and 6-10-10.1, NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and U.S. Government.

#### **New Mexico Finance Authority Investments Maturities on Investments (Expressed in Thousands)**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Years to Maturity</u>	<u>Percentage of Authority Funds</u>
U.S. Treasury Notes	\$ 53,666	1.1	15.0%
Primary Care Capital Program Funds held in the State General Fund Investment Pool	778	1 Day to 5 Years	Less than 1.0%
Federal Home Loan Mortgage Corporation Bonds	77,121	1.5	21.6%
<b>Total Investments</b>	<b>\$ 131,565</b>		

**Concentration of Credit Risk.** As of June 30, 2013, NMFA's cash and cash equivalents were not exposed to concentration of credit risk as no single issuer represented 5.0 percent of total investments.

**Interest Rate Risk.** Interest rate risk is the risk that interest rate fluctuations may adversely affect an investment's fair value. The price of securities fluctuates with market interest rates and the value of securities held in a collateral portfolio will decline if market interest rates rise. In this event, the financial institution is required to provide additional collateral necessary to comply with New Mexico State Statute.

#### **New Mexico Mortgage Finance Authority (NMMFA).**

#### **Cash and Cash Equivalents**

As of September 30, 2013 (NMMFA's fiscal year-end), the carrying value of cash and cash equivalents include the following:

#### **New Mexico Mortgage Finance Authority Reconciliation of Cash and Cash Equivalents and Investments Amounts Reported (Expressed in Thousands)**

	<b>Carrying Balance</b>
Cash and Cash Equivalents	\$ 14,045
Restricted Cash and Cash Equivalents	76,576
Investment in Local Governmental Investment Pool	7,746
<b>Total Cash and Cash Equivalents</b>	<b>98,367</b>
Investments	899,852
Restricted Investments	11,929
<b>Total Investments</b>	<b>911,781</b>
<b>Total Cash, Cash Equivalents, and Investments</b>	<b>\$ 1,010,148</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Custodial Credit Risk.** At September 30, 2013, NMMFA's bank balance was \$7,836, of which \$2,873 was subject to custodial credit risk.

All of NMMFA's investments are insured, registered, or are held by NMMFA or its agent in the name of NMMFA.

NMMFA administers public funds for the State Homeless, Innovation in Housing Awards and Weatherization Programs. As required by State law, NMMFA obtains from each bank that is a depository for public funds, which are in repurchase agreements, with pledged collateral in an aggregate amount at least equal to 102.0 percent of the public money in each account. No security is required for deposit of public money that is insured by the FDIC. As of September 30, 2013, NMMFA had \$1,909 of public funds on deposit, which were fully collateralized by collateral held by the bank in NMMFA's name.

#### Investments

**Interest Risk.** The NMMFA investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations, and 4) diversification to avoid overweighing in any one type of security.

NMMFA has securitized mortgage loans that are primarily mortgage loans originated under various bond resolutions, which have been pooled and securitized by a servicer under contract to NMMFA. Upon securitization, these primarily Governmental

National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) securities are then purchased by the bonds issue trustee, utilizing the proceeds of the respective bonds proceeds. The fixed-rate securitized mortgage loans are sensitive to changes in interest rates, which may result in prepayments of the underlying mortgages.

**Concentration of Credit Risk.** The following issuers and their respective percentage of total investments represent greater than 5.0 percent of the NMMFA total investments reported on the balance sheet as of September 30, 2013: GNMA, 76.0 percent, and FNMA, 20.0 percent.

**Credit Risk.** The following table provides information on the credit ratings associated with the NMMFA's investments in debt securities, excluding obligations of the United States government or obligations explicitly guaranteed by the United States government at September 30, 2013:

**New Mexico Mortgage Finance Authority Investments**  
**Quality Rating of Investments**  
*(Expressed in Thousands)*

<u>Investment Type</u>	<u>Rating</u>	<u>Value</u>
U.S. Agencies	AA	\$ 11,893
Securitized Mortgage Loans	AA	176,414
Securitized Mortgage Loans	U.S. Gov't. Guar.	687,460
Internal State Investment Pool:		
State Investment Council	Not Available	31,255
Other	Not Available	4,759
<b>Total Investments</b>		<b>\$ 911,781</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

NMMFA has the following investments subject to interest rate risk at September 30, 2013:

**New Mexico Mortgage Finance Authority Investments**  
**Maturities on Investments**  
*(Expressed in Thousands)*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				<u>Not Available</u>
		<u>Less Than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Greater Than 10 Years</u>	
U.S. Agencies	\$ 11,893	\$ 2,033	\$ 9,860	\$ -	\$ -	\$ -
Securitized Mortgage Loans	863,874	-	30	-	863,844	-
Internal State Investment Pool:						
State Investment Council	31,255	-	-	-	-	31,255
Other	4,759	-	-	-	-	4,759
<b>Total Investments</b>	<b>\$ 911,781</b>	<b>\$ 2,033</b>	<b>\$ 9,890</b>	<b>\$ -</b>	<b>\$ 863,844</b>	<b>\$ 36,014</b>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### B. Receivables

Receivables at June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	Federal	Local Governments	Accounts	Brokers	Interest	Taxes	Current Loans	Allowance	Receivables, Net Total	Noncurrent Loans	Allowance	Noncurrent Loans, Net Total
Governmental Activities	\$ 519,953	\$ 1,471	\$ 116,552	\$ 120,292	\$ 16,924	\$ 1,038,833	\$ 20,923	\$ (42,583)	\$ 1,792,365	\$ -	\$ -	\$ -
Business-Type Activities	96,326	1,846	479,511	-	2,768	-	17,297	(245,416)	352,332	255,671	(61,103)	194,568
Component Units	10,400	7,126	42,428	-	12,846	-	97,601	(3,196)	167,205	1,318,823	(7,630)	1,311,193
<b>Governmental Activities:</b>												
General	29,263	-	23,691	-	-	-	-	(553)	52,401	-	-	-
Education	102,388	-	6,329	-	3,682	-	16,358	(4,790)	123,967	-	-	-
Health and Human Services	265,233	1,471	58,698	-	-	-	-	(21,013)	304,389	-	-	-
Highway and Transportation	52,992	-	749	-	3	-	3	(4,594)	49,153	-	-	-
Severance Tax Permanent	-	-	-	100,192	8,989	-	-	-	109,181	-	-	-
Nonmajor Governmental	70,077	-	4,625	20,100	4,242	-	4,562	(2,391)	101,215	-	-	-
Internal Service	-	-	22,476	-	8	-	-	(9,242)	13,242	-	-	-
<b>Business-type Activities:</b>												
Educational Institutions	83,414	1,846	396,436	-	-	-	7,010	(224,703)	264,003	36,011	(9,101)	26,910
Nonmajor Enterprise	12,912	-	83,075	-	2,768	-	10,287	(20,713)	88,329	219,660	(52,002)	167,658
<b>Fiduciary Funds:</b>												
Pension Trust	-	-	112,911	426,423	80,727	-	7,229	-	627,290	-	-	-
External Trust	-	-	-	22,414	2,592	-	-	-	25,006	-	-	-
Private Purpose Trust	-	-	2,680	286,496	25,340	-	-	-	314,516	-	-	-
Agency	-	-	118,461	-	-	1,236,624	-	(240,777)	1,114,308	-	-	-
<b>Discrete Component Units:</b>												
Finance Authority	-	7,126	2,652	-	8,308	-	97,601	(427)	115,260	1,139,042	(4,982)	1,134,060
Mortgage Finance Authority	-	-	-	-	4,538	-	-	-	4,538	179,781	(2,648)	177,133
Other Major Component Units	10,400	-	36,219	-	-	-	-	(2,318)	44,301	-	-	-
Nonmajor Component Units	-	-	3,557	-	-	-	-	(451)	3,106	-	-	-

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, amounts from investment brokers, interest earnings, general and selective and income taxes, and receivables because of overpayments to individuals receiving state assistance.

#### Arizona Water Settlement

The State of New Mexico entered into the Arizona Water Settlement with the federal government. Under the terms of the agreement, the federal government will pay the State a total of \$66 million in 2004 dollars adjusted for inflation, in 10 annual installments. The inflation-adjusted amount was estimated at \$90.4 million, and the first two installments of \$9.04 million each have been received by the State as of June 30, 2013. Amounts remaining are as follows (in thousands):

<u>Yr.End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,599	\$ 3,441	\$ 9,040
2015	5,945	3,095	9,040
2016	6,311	2,729	9,040
2017	6,701	2,339	9,040
2018	7,150	1,890	9,040
2019-2021	24,053	3,067	27,120
<b>Total</b>	<b>\$ 55,759</b>	<b>\$ 16,561</b>	<b>\$ 72,320</b>

#### Discrete Component Units

##### New Mexico Finance Authority

The following is an analysis of the allowance for loan losses as of June 30, 2013 (in thousands):

Beginning Balance	\$ 3,087
Provision for Loan Losses	2,322
Loans Written Off, Net of Recoveries	<u>-</u>
Ending Balance	<u>\$ 5,409</u>

Loans have repayment terms ranging from one to 30 years. The stated interest rates are between 0.0 – 6.4 percent.

##### New Mexico Mortgage Finance Authority

The following is an analysis of the allowance for mortgage loan and real estate owned loan losses as of September 30, 2013 (in thousands):

Beginning Balance	\$ 3,380
Provision for Loan Losses	(161)
Loans Written Off, Net of Recoveries	<u>(571)</u>
Ending Balance	<u>\$ 2,648</u>

Mortgage loans have repayment terms ranging from 10 to 40 years. The stated interest rates for these programs are as follows:

Rental Housing Programs	0.0%	-	8.9%
Other Mortgage Loans	0.0%	-	12.1%
Second Mortgage Down Payment Assistance			
Loans	0.0%	-	7.5%

#### C. Interfund and Interagency Receivables, Payables, and Transfers

Interfund receivables and payables balances result from the time lags between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

Transfers between funds occur when one fund collects revenue and transfers the assets to another

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

fund for expenditure or when one fund provides working capital for another fund. All transfers must be legally authorized by the Legislature through statute or an Appropriation Act. Transfers during the year were made to finance the operations of the individual departments as authorized by the Legislature and to revert (transfers out) any unspent or unencumbered balance of the authorized appropriations.

Transfers between the primary government and the fiduciary funds and component units are reclassified as expenditures in the government-wide financial statements.

The composition of interfund balances as of June 30, 2013, is as follows (in thousands):

	<b>Due From</b>	<b>Due To</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Governmental Activities:</b>				
General	\$ 1,134,125	\$ 285,621	\$ 1,024,815	\$ 5,710,904
Education	13,567	25,616	2,683,531	20,062
Health and Human Services	298,093	205,201	1,791,348	216,496
Highway and Transportation	92,471	24,011	72,901	70,666
Appropriated Bond Proceeds Capital Outlay	293	51,301	281,726	332,247
Severance Tax Permanent	3,601	15,960	-	8,107
Nonmajor Governmental:				
Special Revenue	49,584	47,182	133,119	124,576
Debt Service	78,671	-	6,027	281,302
Capital Projects	39,908	5,267	141,760	8,894
Land Grant Permanent Fund	425	-	-	1,597
Internal Service	22,040	23,973	44,301	31,230
Total Governmental Activities	<u>1,732,778</u>	<u>684,132</u>	<u>6,179,528</u>	<u>6,806,081</u>
<b>Business-type Activities:</b>				
Educational Institutions	35	-	643,314	-
Nonmajor Enterprise	1,329	7,690	3,917	9
Total Business-type Activities	<u>1,364</u>	<u>7,690</u>	<u>647,231</u>	<u>9</u>
<b>Fiduciary Funds:</b>				
Pension Trust	4,760	755	-	-
External Trust	-	-	-	-
Private Purpose Trust	23,383	50,833	-	20,669
Agency	53,237	1,072,112	-	-
Total Fiduciary Funds	<u>81,380</u>	<u>1,123,700</u>	<u>-</u>	<u>20,669</u>
<b>Totals</b>	<b><u>\$ 1,815,522</u></b>	<b><u>\$ 1,815,522</u></b>	<b><u>\$ 6,826,759</u></b>	<b><u>\$ 6,826,759</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### D. Capital Assets

Capital asset activity for Governmental Activities for the year ended June 30, 2013, was as follows (in thousands):

Governmental Activities:	Beginning Balance, As Restated	Additions	Deletions	Ending Balance
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 91,154	\$ 39	\$ (66)	\$ 91,127
Construction in Progress	623,294	506,642	(727,359)	402,577
Infrastructure	485,300	-	-	485,300
Mineral Rights	74,993	-	-	74,993
Art and Other	9,401	-	-	9,401
<b>Total Capital Assets not being Depreciated</b>	<b>1,284,142</b>	<b>506,681</b>	<b>(727,425)</b>	<b>1,063,398</b>
Capital Assets being Depreciated:				
Land Improvements	37,586	709	(22)	38,273
Equipment and Machinery	244,037	13,098	(47,045)	210,090
Building and Improvements	1,380,475	747,057	(18,634)	2,108,898
Furniture and Fixtures	20,539	2,074	(777)	21,836
Data Processing Equipment and Software	167,670	25,623	(25,464)	167,829
Library Books and Other	(787)	14	773	-
Vehicles	303,079	14,737	(21,118)	296,698
Infrastructure	15,140,497	1,127	(526,530)	14,615,094
<b>Total Capital Assets being Depreciated</b>	<b>17,293,096</b>	<b>804,439</b>	<b>(638,817)</b>	<b>17,458,718</b>
Less Accumulated Depreciation for:				
Land Improvements	(21,882)	(1,468)	21	(23,329)
Equipment and Machinery	(197,945)	(12,858)	47,135	(163,668)
Building and Improvements	(696,251)	(47,573)	909	(742,915)
Furniture and Fixtures	(14,150)	(4,065)	657	(17,558)
Data Processing Equipment and Software	(122,369)	(19,958)	24,364	(117,963)
Library Books and Other	(1,978)	-	-	(1,978)
Vehicles	(221,331)	(18,942)	20,850	(219,423)
Infrastructure	(9,032,997)	(613,947)	484,653	(9,162,291)
<b>Total Accumulated Depreciation</b>	<b>(10,308,903)</b>	<b>(718,811)</b>	<b>578,589</b>	<b>(10,449,125)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>6,984,193</b>	<b>85,628</b>	<b>(60,228)</b>	<b>7,009,593</b>
<b>Capital Assets, Net</b>	<b>\$ 8,268,335</b>	<b>\$ 592,309</b>	<b>\$ (787,653)</b>	<b>\$ 8,072,991</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

During fiscal year 2013, the State transferred \$727.3 million from construction in progress due to the various projects' completion. Items were transferred to the appropriate depreciable capital asset line.

Capital asset activity for Business type Activities for the year ended June 30, 2013, was as follows (in thousands):

<b>Business-type Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 79,809	\$ 3,032	\$ (75)	\$ 82,766
Construction in Progress	127,279	100,607	(154,425)	73,461
Art and Other	1,209	447	-	1,656
Total Capital Assets not being Depreciated	<u>208,297</u>	<u>104,086</u>	<u>(154,500)</u>	<u>157,883</u>
Capital Assets being Depreciated:				
Land Improvements	78,114	743	-	78,857
Equipment and Machinery	404,162	28,772	(33,101)	399,833
Building and Improvements	2,514,214	157,044	(25,992)	2,645,266
Furniture and Fixtures	674,666	11	-	674,677
Data Processing Equipment and Software	21,615	336	(1,395)	20,556
Library Books and Other	276,877	11,987	(828)	288,036
Vehicles	4,864	388	(8)	5,244
Infrastructure	266,022	6,835	-	272,857
Total Capital Assets being Depreciated	<u>4,240,534</u>	<u>206,116</u>	<u>(61,324)</u>	<u>4,385,326</u>
Less Accumulated Depreciation for:				
Land Improvements	(48,712)	(2,048)	-	(50,760)
Equipment and Machinery	(331,663)	(32,903)	30,043	(334,523)
Building and Improvements	(990,034)	(68,030)	5,466	(1,052,598)
Furniture and Fixtures	(366,227)	(23)	-	(366,250)
Data Processing Equipment and Software	(14,099)	(1,455)	1,127	(14,427)
Library Books and Other	(232,546)	(11,366)	821	(243,091)
Vehicles	(3,859)	(406)	8	(4,257)
Infrastructure	(121,400)	(14,786)	-	(136,186)
Total Accumulated Depreciation	<u>(2,108,540)</u>	<u>(131,017)</u>	<u>37,465</u>	<u>(2,202,092)</u>
Total Capital Assets being Depreciated, Net	<u>2,131,994</u>	<u>75,099</u>	<u>(23,859)</u>	<u>2,183,234</u>
<b>Capital Assets, Net</b>	<b><u>\$ 2,340,291</u></b>	<b><u>\$ 179,185</u></b>	<b><u>\$ (178,359)</u></b>	<b><u>\$ 2,341,117</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

During fiscal year 2013, the State transferred \$154,425 from construction in progress due to the various projects' completion. Items were transferred to the appropriate depreciable capital asset line.

For the year ended June 30, 2013, there was no interest expense capitalized.

Capital asset activity for fiduciary Funds for the year ended June 30, 2013, was as follows (in thousands):

Fiduciary Funds:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 1,797	\$ -	\$ -	\$ 1,797
Art and Other	31	-	-	31
Total Capital Assets not being Depreciated	<u>1,828</u>	<u>-</u>	<u>-</u>	<u>1,828</u>
Capital Assets being Depreciated:				
Land Improvements	19	-	-	19
Equipment and Machinery	69	-	-	69
Building and Improvements	16,012	-	-	16,012
Furniture and Fixtures	1,232	20	(51)	1,201
Data Processing Equipment and Software	23,118	78	-	23,196
Vehicles	80	-	-	80
Total Capital Assets being Depreciated	<u>40,530</u>	<u>98</u>	<u>(51)</u>	<u>40,577</u>
Less Accumulated Depreciation for:				
Land Improvements	(5)	(1)		(6)
Equipment and Machinery	(99)	-	30	(69)
Building and Improvements	(2,391)	(524)		(2,915)
Furniture and Fixtures	(955)	(93)	21	(1,027)
Data Processing Equipment and Software	(22,289)	(745)		(23,034)
Vehicles	(71)	(5)		(76)
Total Accumulated Depreciation	<u>(25,810)</u>	<u>(1,368)</u>	<u>51</u>	<u>(27,127)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 16,548</u></b>	<b><u>\$ (1,270)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,278</u></b>

Depreciation expense charged to functions/programs of governmental activities was as follows (in thousands):

General Control	\$ 45,884
Education	716
Health and Human Services	11,837
Highways and Transportation	624,835
Culture, Recreation, and Nat. Resources	9,170
Judicial	5,927
Legislative	1,814
Public Safety	15,073
Regulation and Licensing	3,555
<b>Total</b>	<b><u>\$ 718,811</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Discrete Component Units

Capital asset activity for the New Mexico Finance Authority for the year ended June 30, 2013, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets being Depreciated:				
Leasehold Improvements	\$ 8	\$ -	\$ -	\$ 8
Furniture and Fixtures	29	-	-	29
Data Processing Equipment and Software	582	150	-	732
Total Capital Assets being Depreciated	<u>619</u>	<u>150</u>	<u>-</u>	<u>769</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(8)	-	-	(8)
Furniture and Fixtures	(19)	(10)	-	(29)
Data Processing Equipment and Software	(352)	(159)	-	(511)
Total Accumulated Depreciation	<u>(379)</u>	<u>(169)</u>	<u>-</u>	<u>(548)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 240</u></b>	<b><u>\$ (19)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 221</u></b>

Capital asset activity for the New Mexico Mortgage Finance Authority for the year ended September 30, 2013, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 512	\$ -	\$ -	\$ 512
Total Capital Assets not being Depreciated	<u>512</u>	<u>-</u>	<u>-</u>	<u>512</u>
Capital Assets being Depreciated:				
Building and Improvements	3,041	-	-	3,041
Furniture and Fixtures	1,807	30	(31)	1,806
Total Capital Assets being Depreciated	<u>4,848</u>	<u>30</u>	<u>(31)</u>	<u>4,847</u>
Less Accumulated Depreciation for:				
Building and Improvements	(2,406)	(89)	-	(2,495)
Furniture and Fixtures	(1,501)	(141)	31	(1,611)
Total Accumulated Depreciation	<u>(3,907)</u>	<u>(230)</u>	<u>31</u>	<u>(4,106)</u>
Total Capital Assets being Depreciated, Net	<u>941</u>	<u>(200)</u>	<u>-</u>	<u>741</u>
<b>Capital Assets, Net</b>	<b><u>\$ 1,453</u></b>	<b><u>\$ (200)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,253</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Construction Commitments

The State has active construction projects as of June 30, 2013. The projects include highway construction, university infrastructure, and facilities construction and renovation. At year-end, the State's commitments for construction were \$30.7 million for governmental activities and \$94.9 million for business-type activities.

<b>Governmental</b>	<b>Amount</b>
2014	\$ 57,867
2015	51,531
2016	45,712
2017	41,825
2018	38,570
2019-2023	106,642
2024 - 2028	13,671
2029 - 2033	394
	<b>\$ 356,212</b>

#### Operating Leases

The State leases building and office facilities and other equipment under operating leases. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligation. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

<b>Business-type</b>	<b>Amount</b>
2014	\$ 8,558
2015	7,118
2016	5,182
2017	4,313
2018	3,671
2019-2023	6,624
2024 - 2028	311
2029 - 2033	228
2034 & Thereafter	2
	<b>\$ 36,007</b>

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the lease, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

<b>Fiduciary</b>	<b>Amount</b>
2014	\$ 217
2015	216
2016	193
2017	174
2018	194
2019-2023	254
	<b>\$ 1,248</b>

Operating lease expenditures/expenses for fiscal year 2013 were \$61,528, \$11,481, and \$281 for governmental activities, business-type activities, and fiduciary activities, respectively.

The future minimum lease payments for the operating leases are as follows (in thousands):



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Capital Leases

The State is obligated under lease purchase contracts. In the opinion of counsel for the State, these lease purchase contracts comply with the State Supreme Court Montano vs. Gabaldon decision, in that payments for these will be made from Special Revenue Funds and not from general tax revenue.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The future minimum lease payments for the capital lease is as follows (in thousands):

<b>Business-type</b>	<u>Amount</u>
2014	\$ 275
2015	243
2016	224
2017	186
2018	193
Total Lease Payments	<u>1,121</u>
Less Amounts Representing Interest	<u>61</u>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 1,060</u></b>

As of June 30, 2013, the historical cost of the primary government's assets acquired through capital leases was \$5,024 for Business-type, and consisted of equipment.

The State is also the lessor of office space. Amounts to be received in future years are as follows:

<b>Governmental</b>	<u>Amount</u>
2014	\$ 1,304
2015	1,309
2016	1,289
2017	1,260
2018	3,248
2019-2023	16,241
2024 - 2028	16,241
2029 - 2033	16,830
	<b><u>\$ 57,722</u></b>

<b>Business-type</b>	<u>Amount</u>
2014	\$ 4,892
2015	4,042
2016	3,807
2017	3,386
2018	2,786
2019-2023	1,149
2024 - 2028	446
2029 - 2033	334
2034 - 2038	1,100
2039 & Thereafter	660
	<b><u>\$ 22,602</u></b>

The historical cost for the assets which are leased is \$129.7 million for governmental activities (mostly for use of hangar and runway facilities at the Spaceport) and \$145 million for business-type activities.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### E. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<b>Long-term Liabilities</b> <i>(Expressed in Thousands)</i>				
	<b>Beginning Balance, As Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds Payable					
General Obligation Bonds	\$ 296,890	\$ 137,220	\$ (61,410)	\$ 372,700	\$ 61,430
Severance Tax Bonds	798,740	-	(115,465)	683,275	108,785
Revenue Bonds	1,723,061	220,400	(381,221)	1,562,240	111,513
Total Bonds Payable	<u>2,818,691</u>	<u>357,620</u>	<u>(558,096)</u>	<u>2,618,215</u>	<u>281,728</u>
Hedging Derivatives - Interest Rate Swaps	137,082	-	(38,706)	98,376	-
Indian Water Settlement Liability	91,400	-	(16,186)	75,214	-
Contingent Liabilities	-	7,359	-	7,359	-
Allowance for Potential Loss - SGFIP	101,735	-	(31,735)	70,000	-
Subtotal	<u>330,217</u>	<u>7,359</u>	<u>(86,627)</u>	<u>250,949</u>	<u>-</u>
<b>Other Liabilities</b>					
Bond Premium, Discount, Net	236,190	45,400	(46,636)	234,954	42,634
Notes Payable	2,454	279	(1,135)	1,598	145
Claims and Judgments	433,547	291,993	(376,787)	348,753	79,731
Compensated Absences	60,946	65,774	(65,519)	61,201	53,408
Pollution Remediation Obligation	55,694	928	(3,249)	53,373	1,050
Other	-	1,054	-	1,054	-
Subtotal	<u>788,831</u>	<u>405,428</u>	<u>(493,326)</u>	<u>700,933</u>	<u>176,968</u>
Deferred Loss on Refunding, Net	<u>(81,982)</u>	<u>(21,538)</u>	<u>12,263</u>	<u>(91,257)</u>	<u>-</u>
<b>Total Governmental Long-term Liabilities</b>	<b><u>\$ 3,855,757</u></b>	<b><u>\$ 748,869</u></b>	<b><u>\$ (1,125,786)</u></b>	<b><u>\$ 3,478,840</u></b>	<b><u>\$ 458,696</u></b>
<b>Business-type Activities:</b>					
Bonds Payable					
Revenue Bonds	\$ 840,831	\$ 77,600	\$ (90,619)	\$ 827,812	\$ 32,920
<b>Other Liabilities</b>					
Bond Premium, Discount, Net	8,831	9,649	(1,470)	17,010	1,500
Compensated Absences	96,219	66,134	(84,576)	77,777	58,065
Reserve for Losses	65,472	281,241	(281,242)	65,471	22,488
Capital Leases	1,292	-	(232)	1,060	228
Other	56,173	38,085	(957)	93,301	2,663
Total Other Liabilities	<u>227,987</u>	<u>395,109</u>	<u>(368,477)</u>	<u>254,619</u>	<u>84,944</u>
<b>Total Business-type Long-term Liabilities</b>	<b><u>\$ 1,068,818</u></b>	<b><u>\$ 472,709</u></b>	<b><u>\$ (459,096)</u></b>	<b><u>\$ 1,082,431</u></b>	<b><u>\$ 117,864</u></b>
<b>Fiduciary:</b>					
Pension Trust Funds					
<b>Other Liabilities:</b>					
Reserve for Losses	\$ 17,205	\$ 932	\$ -	\$ 18,137	\$ 18,137
Compensated Absences	559	510	(466)	603	596
<b>Total Fiduciary Long-term Liabilities</b>	<b><u>\$ 17,764</u></b>	<b><u>\$ 1,442</u></b>	<b><u>\$ (466)</u></b>	<b><u>\$ 18,740</u></b>	<b><u>\$ 18,733</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### F. Bonds Payable

##### Primary Government

##### General Obligation Bonds

The State issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities for local governments as authorized by the Legislature of the State of New Mexico.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. These

bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. Funding for the payment of the debt service of the general obligation bonds is provided through the collection of property taxes levied by the local governments receiving the funding for capital spending.

There was one issue of General Obligation Bonds during the fiscal year ended June 30, 2013. This was Series 2013 Capital Projects General Obligation Bonds. The interest rates for this series vary from 2.0 to 2.4%, and the principal amount issued was \$137,220 (in thousands). Final maturity date of these bonds is 2023.

General obligation bonds outstanding at year-end are as follows:

#### General Obligation Bonds Payable (Expressed in Thousands)

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2013</u>
Series 2005	3/1/2005	2015	5.0	\$ 111,850	\$ 26,960
Series 2007	3/1/2007	2017	5.0	134,870	61,935
Series 2009	5/28/2009	2019	5.0	196,330	131,365
Series 2011	5/26/2011	2021	2.0-4.0	18,645	15,220
Series 2013	4/23/2013	2023	2.0-4.0	137,220	137,220
<b>Total General Obligation Bonds Payable</b>					<b>\$ 372,700</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows:

**General Obligation Bonds Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 61,430	\$ 14,000	\$ 75,430
2015	63,635	11,776	75,411
2016	51,915	8,994	60,909
2017	54,110	6,806	60,916
2018	38,915	4,536	43,451
2019-2023	102,695	6,549	109,244
<b>Total</b>	<b>\$ 372,700</b>	<b>\$ 52,661</b>	<b>\$ 425,361</b>

#### Severance Tax Bonds

Severance tax bonds are used to fund the capital needs of state agencies, local governments, and public and higher education as authorized by the Legislature of the State of New Mexico. In addition, severance tax bonds have been issued to refund severance tax bonds.

Funding for the payment of the debt service of the severance tax bonds is provided through the collection of severance taxes levied on the mining and production of various natural resources, such as minerals, oil, and gas. The severance tax bonds are secured by the levied taxes. This is a permanent commitment of a portion of total severance tax revenues. As authorized by State statute, severance

tax revenues are transferred to the Severance Tax Bonding Fund and first pay the required debt service on severance tax bonds and supplemental severance tax bonds issued by the State, with the remainder being transferred to the Severance Tax Permanent Fund. For the year ended June 30, 2013, total severance tax revenues transferred to the Severance Tax Bonding Fund were \$420.1 million. The total principal and interest requirements were \$149.4 million for all severance tax and supplemental severance tax bonds.

There were no new issues of Severance Tax Bonds during the fiscal year ended June 30, 2013.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Severance tax bonds outstanding at June 30, 2013, are as follows:

<b>Severance Tax Bonds Payable</b>					
<i>(Expressed in Thousands)</i>					
<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2013</b>
Series 2003 B supplemental	11/01/03	2013	3.10 - 3.70 %	\$ 10,000	\$ 1,245
Series 2004 B supplemental	11/17/04	2014	2.00 - 5.00	10,000	2,260
Series 2008 A-1	06/28/05	2019	4.00 - 5.00	149,000	14,650
Series 2009 A Refunding	07/30/09	2019	2.00 - 5.00	218,450	138,235
Series 2010A	03/24/10	2019	3.00 - 5.00	132,265	110,065
Series 2010 B Supplemental	03/24/10	2019	4.00 - 5.00	100,000	81,490
Series 2010 C Refunding	06/30/10	2019	4.00 - 5.00	43,780	27,820
Series 2010 D Refunding	12/08/10	2017	3.00 - 5.00	140,520	127,585
Series 2011A-1 Refunding	12/06/11	2022	3.00 - 5.00	47,790	46,220
Series 2011A-2 Refunding	12/06/11	2019	4.00 - 5.00	75,715	75,715
Series 2012A Refunding	06/21/12	2023	3.00 - 5.00	57,990	57,990
<b>Total Severance Tax Bonds Payable</b>					<b>\$ 683,275</b>

Annual debt service requirements to maturity for Severance Tax Bonds are as follows:

<b>Severance Tax Bonds Issues</b>			
<b>Debt Service Requirements to Maturity</b>			
<b>For Fiscal Years End June 30</b>			
<i>(Expressed in Thousands)</i>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 108,785	\$ 30,131	\$ 138,916
2015	103,755	25,287	129,042
2016	101,300	20,328	121,628
2017	95,715	15,403	111,118
2018	83,250	10,929	94,179
2019-2023	190,470	13,924	204,394
<b>Total</b>	<b>\$ 683,275</b>	<b>\$ 116,002</b>	<b>\$ 799,277</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Revenue Bonds

The State also issues bonds where the government pledges income derived from the related acquired or constructed assets to pay debt service.

#### *Governmental Activities*

Refunding revenue bonds were issued by the Department of Transportation in the amount of \$220,400. Details are included later in these notes.

#### *Business-type Activities*

Revenue bonds with a face value of \$62,955 were issued by two of the State's institutions of higher education during the year ended June 30, 2013. These bonds are secured by a pledge of the revenue stream consisting of most unrestricted funds. Details of pledged revenues are included in a later note.

In addition, Miners' Colfax Medical Center issued Series 2013 Revenue Improvement and Refunding Bonds in the amount of \$14,645. The bond proceeds were used to refund two earlier issues and also finance a rural healthcare clinic. The refunding was considered a legal defeasement of the Series 2004 and Series 2006 Hospital Improvement Revenue Bonds. The total principal of the two series which was retired was \$12,567. The Center realized a cash flow savings of \$1,709 and an economic gain of \$1,395 from this transaction.

#### Current Refunding

The State issued \$220,400 principal amount State Transportation Refunding Revenue Bonds (Senior Lien) Series 2012 in December, 2012. The proceeds from the sale of these bonds were used to refund \$241,240 principal amount of previously-issued revenue bonds. Total proceeds included a bond premium of \$42,693, with issuance costs of \$1,324. Total deposited to escrow was \$261,769, and the refunded bonds are considered to be legally defeased.

The refunded bond issues were as follows:

	<u>Amount</u>
Series 2002C Infrastructure	\$ 5,930
Series 2002D Senior Sub.	1,575
Series 2004A St. Transp.	167,695
Series 2006A St. Transp.	<u>66,040</u>
Total Refunded	<u>\$ 241,240</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Revenue bonds outstanding at year-end are as follows:

#### Revenue Bonds Payable - Primary Government

(Expressed in Thousands)

<b>Governmental Activities</b>	<b>Maturity</b>	<b>Interest</b>	<b>Original</b>	<b>Balance</b>
<b>Bond Issue</b>	<b>Date</b>	<b>Rate</b>	<b>Issue</b>	<b>June 30, 2013</b>
Series 2009C Spaceport Pub.Proj.	2029	2.50 - 5.25	\$ 55,810	\$ 47,895
Series 2010 Spaceport Pub.Proj.	2029	0.47 - 4.08	20,560	19,355
State Museum Tax Revenue	2023	.62 - 4.18	5,760	3,715
Series 1995 A & B Energy and Minerals	2015	3.00 - 6.00	3,697	43
Series 1996 A & B Energy and Minerals	2016	3.00 - 6.00	3,900	74
Series 1997 A & B Energy and Minerals	2017	3.00 - 6.00	4,717	1,343
Series 1998 A & B Energy and Minerals	2018	3.00 - 8.00	5,033	1,710
Series 2001 Energy and Minerals	2020	4.70	4,907	2,161
Series 1995 & 1996A Energy and Minerals	2016	4.47	6,840	1,268
Series 2003 Energy and Minerals	2023	3.82	7,339	4,345
Series 2010 Energy and Minerals Equipment	2016	2.16	843	541
Series 2004A Senior Lien Transportation Revenue (GRIP)	2024	3.80 - 5.25	700,000	80,615
Series 2004B Subordinate Lien Transportation Refunding Revenue (GR	2014	2.00 - 5.00	237,950	29,740
Series 2006 A Highway - (GRIP)	2026	3.60 - 5.00	150,000	83,525
Series 2006 B Highway (GRIP)	2026	3.50 - 5.00	39,005	25,405
Series 2008 A Highway (GRIP)	2025	VAR	115,200	115,200
Series 2008 B Highway (GRIP)	2027	VAR	220,000	220,000
Series 2008 C Highway (GRIP)	2025	VAR	84,800	84,800
Series 2009 A Refunding	2017	2.00 - 5.00	112,345	26,155
Series 2010A Debt Service	2024	1.50 - 5.00	174,625	145,460
Series 2010B Highway (GRIP)	2024	3.00 - 5.00	461,075	451,435
Series 2012 Refunding	2026	1.25 - 5.00	220,400	217,455
<b>Total Revenue Bonds Payable</b>				<b>\$ 1,562,240</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**Revenue Bonds Payable - Primary Government**  
(Expressed in Thousands)

Business-type Activities	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2013
Series 2013 MCMC St. Perm. Fd. Rev. Imp. & Refunding	2023	2.54 %	\$ 14,645	\$ 14,645
Series 2004 Capital Improvement	2015	1.26 - 3.67	5,556	1,328
Series 2004B Improvement	2025	2.00 - 5.00	42,275	1,670
Series 2006 Improvement	2026	4.00 - 5.00	10,245	7,555
Series 2010A - D Refunding and Improvement	2022	1.89 - 5.27	78,670	70,765
Series 2013A - C Refunding and Improvement	2033	2.00 - 5.00	56,200	56,200
Series 2005 System	2026	3.55 - 4.40	9,325	6,890
Series 2005B General Obligation Building	2016	3.25 - 4.25	7,500	1,400
Series 2011A & B System	2037	0.36 - 0.60	28,050	27,075
Series 2009A System Refunding	2021	3.00 - 4.50	4,555	3,475
Series 2009B System Refunding	2035	5.32 - 6.07	9,230	9,230
Series 2012 System Refunding	2034	0.93 - 4.26	18,335	17,710
Series 2005 System Refunding & Improvement	2031	3.00 - 5.00	13,395	12,525
Series 2005 System Refunding & Improvement	2019	3.25 - 5.00	5,800	2,665
Series 2012 System	2038	2.00 - 5.50	12,245	12,245
Series 2013 System Refunding & Improvement	2038	2.10 - 5.10	6,755	6,755
Series 1992 A System Refunding	2021	5.60 - 6.25	36,790	17,460
Series 2000B System	2019	5.50 - 6.35	53,232	2,249
Series 2001 Subordinate Lien System Improvement	2026	Variable	52,625	35,275
Series 2002B Subordinate Lien System Refunding	2026	Variable	25,475	22,090
Series 2002C Subordinate Lien System Refunding	2030	Variable	37,840	35,190
Series 2003A Subordinate Lien System Refunding	2018	2.00 - 5.25	21,660	8,480
Series 2003B Subordinate Lien System	2024	1.35 - 5.625	5,585	4,467
Series 2003C Subordinate Lien System	2033	4.50 - 4.60	6,220	5,038
Series 2004 FHA Insured Hospital Mortgage	2031	2.00 - 5.00	192,250	164,660
Series 2005 Subordinate Lien System Improvement	2035	3.00 - 5.00	125,575	115,950
Series 2007A & B Subordinated Lien System Improvement	2036	4.00 - 5.95	136,710	131,620
Series 2012 Subordinate Lien System Improvement	2032	2.00 - 5.00	35,215	33,200
<b>Total Revenue Bonds Payable</b>				<b>\$ 827,812</b>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Annual debt service requirements to maturity for revenue bonds are as follows

<b>Revenue Bonds Issues - Primary Government Debt Service Requirements to Maturity For Fiscal Years End June 30 (Expressed in Thousands)</b>				<b>Revenue Bonds Issues - Primary Government Debt Service Requirements to Maturity For Fiscal Years End June 30 (Expressed in Thousands)</b>			
<b>Governmental Activities</b>				<b>Business-type Activities</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 111,513	\$ 72,569	\$ 184,082	2014	\$ 32,919	\$ 37,209	\$ 70,128
2015	89,153	67,991	157,144	2015	34,735	37,192	71,927
2016	73,878	63,492	137,370	2016	34,616	35,811	70,427
2017	98,449	59,107	157,556	2017	34,863	34,365	69,228
2018	97,909	54,372	152,281	2018	36,002	32,866	68,868
2019-2023	570,098	197,778	767,876	2019-2023	209,017	135,834	344,851
2024-2028	508,625	55,322	563,947	2024-2028	209,230	84,693	293,923
2029-2033	12,615	554	13,169	2029-2033	180,915	38,422	219,337
<b>Total</b>	<b>\$ 1,562,240</b>	<b>\$ 571,185</b>	<b>\$ 2,133,425</b>	<b>Total</b>	<b>\$ 827,812</b>	<b>\$ 441,434</b>	<b>\$ 1,269,246</b>

The following listing provides more details on the types of revenue pledged for the various revenue bonds outstanding:

#### **Governmental Activities**

##### **Agency:**

Purpose of Bonds:  
Total Amount of Bonds Issued:  
Type of Revenues Pledged:  
Term of Commitment:  
Total Debt Service Remaining:  
Revenue Stream for Current Year:  
Debt Service for Current Year:

##### **Energy, Minerals, and Natural Resources Department**

Acquisition and development of state parks and recreation areas  
\$28.6 million  
Department's share of governmental gross receipts tax revenue  
Through June 30, 2023  
\$13.5 million  
\$8.8 million  
\$2.4 million

##### **Agency:**

Purpose of Bonds:  
Total Amount of Bonds Issued:  
Type of Revenues Pledged:  
  
Term of Commitment:  
Total Debt Service Remaining:  
Revenue Stream for Current Year:  
Debt Service for Current Year:

##### **Department of Transportation**

Construct and improve State highway and transportation system  
\$2.4 billion  
Gasoline excise taxes, motor vehicle registration and other fees deposited into State Road Fund, plus Federal Highway Fund revenues.  
Through June 30, 2027  
\$2.0 billion  
\$810 million  
\$177.8 million

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Governmental Activities (Continued)

**Agency:**

Purpose of Bonds & Loan:	<i>Department of Cultural Affairs</i> Renovate existing museum structures, develop permanent exhibits
Total Amount of Debt Issued:	\$8.1 million
Type of Revenues Pledged:	Department's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$5.7 million
Term of Commitment:	Through June 30, 2023
Revenue Stream for Current Year:	\$1.1 million
Debt Service for Current Year:	\$666 thousand

**Agency:**

Purpose of Bonds	<i>Spaceport Authority</i> Construction of the Spaceport America launch facility
Total Amount of Debt Issued:	\$76.4 million
Type of Revenues Pledged:	Authority's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$98.1 million
Term of Commitment:	Through June 30, 2029
Revenue Stream for Current Year:	\$6.3 million
Debt Service for Current Year:	\$5.6 million

#### Business-type Activities

**Agency:**

Purpose of Bonds:	<i>Miners' Colfax Medical Center</i> Improvement and expansion of medical facilities
Total Amount of Bonds Issued:	\$14.6 million
Type of Revenues Pledged:	Center's share of distributions from the State Land Grant and the Charitable, Penal, and Reform Permanent Funds
Total Debt Service Remaining:	\$17.6 million
Term of Commitment:	Through June 30, 2023
Revenue Stream for Current Year:	\$2.9 million
Debt Service for Current Year:	New Refunding Bond Issued

**Agency:**

Purpose of Bonds:	<i>State Fair Commission</i> Improvement of capital facilities
Total Amount of Bonds Issued:	\$5.6 million
Type of Revenues Pledged:	State Fair Commission's share of parimutuel tax collected
Total Debt Service Remaining:	\$1.4 million
Term of Commitment:	Through June 30, 2015
Revenue Stream for Current Year:	\$1.0 million
Debt Service for Current Year:	\$686 thousand

**Agency:**

Purpose of Bonds:	<i>Educational Institutions (UNM, NMSU, ENMU, WNMU, NMMI, NMHU, N</i> Construction and improvement of various capital facilities
Total Amount of Bonds Issued:	\$1.3 billion
Type of Revenues Pledged:	Substantially all unrestricted revenues, including Permanent Fund distributions, student fees, and income from revenue-producing facilities, but excluding state appropriations and income from clinical operations.
Total Debt Service Remaining:	\$1.0 billion
Term of Commitment:	Through June 30, 2038
Revenue Stream for Current Year:	\$1.4 billion
Debt Service for Current Year:	\$70.7 million

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### **Revenue Bonds – New Mexico Department of Transportation (NMDOT)**

In 2003, the State Legislature authorized the issuance of \$1,585 million in bonds to fund statewide transportation expansion and improvement projects. The New Mexico Finance Authority (NMFA), a component unit of the State, was authorized to issue the bonds as the agent for NMDOT. The bonds are liabilities of NMDOT and the State, not NMFA. For services provided by NMFA in the issuance and administration of the bonds, NMDOT pays an annual fee to NMFA of 12.5 basis points of the outstanding principal balance of the bonds.

#### ▪ **Refunding of Variable Rate Bonds**

NMFA, on behalf of the Department, has issued multiple series of refunding bonds in prior years to advance refund certain older debt issues of the Department. The net proceeds of those issuances less any new amounts borrowed plus, at times, additional funds provided by the Department, were used to purchase U. S. Governmental securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the older debt issues. As a result, the advance refundings of the older debt are considered to be defeased and the liability for those bonds has been removed from long-term obligations. The refunded bonds outstanding at June 30, 2013, totaling \$685,425 are considered defeased.

The cumulative deferred amount on the refundings of \$85,651, recorded as a deferred outflow, is the difference between the reacquisition price (funds required to refund the old debt including call provisions) and the net carrying amount of the old

debt including unamortized old bond issuance costs. The deferred amount on the refunding is recorded in the government-wide financial statements and is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

#### ▪ **Derivative Instruments**

At the time of the 2004 bond issuance, NMFA, on behalf of the State, entered into interest rate exchange agreements (swaps) with respect to both the adjustable rate bonds then issued and the adjustable rate bonds anticipated to be issued in 2006. All of the 2004 adjustable rate bonds were hedged at issuance with immediately starting swaps and approximately one-half of the anticipated total 2006 issuance was hedged with forward-starting swaps that became effective in 2006.

In all of the swaps, NMFA receives a variable-interest rate payment based on an index, and makes a fixed-rate interest payment. This arrangement has the effect of converting the variable rate bonds to “synthetic fixed-rate issues.”

NMFA has entered into the swaps as an agent for NMDOT and the State, and no amounts with respect to the swap transactions appear in NMFA’s financial statements. These swap agreements remained in effect following the 2008 refunding and reissuance of the 2004 and 2006 adjustable rate bonds as Variable Rate Demand Notes (the Series 2008 A through D).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Objectives of the Swaps

The objective in entering into the swap agreements was to obtain a lower interest cost for the 2004 bonds than could have been obtained at the time had they been issued as fixed-rate bonds. With respect to the planned 2006 issuance, NMFA believed in 2004 that it would be desirable to “lock in” a synthetic fixed

rate of 5.0 percent or less for a portion of the bonds anticipated to be issued in 2006.

#### ▪ Significant Terms

Significant terms of the swaps follow. No cash was paid or received at the initiation of any of the swaps.

#### 2004 Swaps

Counterparty	Royal Bank of Canada	Goldman Sachs	Deutsche Bank
Notional Amount	\$ 100,000	\$ 50,000	\$ 50,000
Receipt Rate	68.0% of 1 month LIBOR	68.0% of 1 month LIBOR	68.0% of 1 month LIBOR
Payment Rate (Synthetic Fixed Rate)	3.9%	3.9%	3.9%
Embedded Option(s)	None	None	None
Effective Date	May 20, 2004	May 20, 2004	May 20, 2004
Termination Date	June 15, 2024	June 15, 2024	June 15, 2024

#### 2006 Forward Starting Swaps:

Counterparty	JPMorgan Chase Bank	UBS AG
Notional Amount	\$ 110,000	\$ 110,000
Receipt Rate	SIFMA Municipal Swap Index	SIFMA Municipal Swap Index
Payment Rate	5.1%	5.1%
Embedded Option(s)	"Knockout" option - Counterparty may cancel if the index remains above 7.0% for more than 180 days	"Knockout" option - Counterparty may cancel if the index remains above 7.0% for more than 180 days
Option Premium to NMFA	0.3%	0.3%
Net Payment Rate ("Synthetic Fixed Rate"), Equals the Payment Rate Less Option Premium	4.7%	4.7%
Effective Date	December 15, 2006	December 15, 2006
Termination Date	December 15, 2026	December 15, 2026

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Fair Value

The estimated fair value of the swaps at June 30, 2013, was as follows (in thousands):

	<u>Notional Value</u>	<u>Fair Value*</u>
Goldman Sachs	\$ 50,000	\$ (9,983)
Deutsche	50,000	(9,983)
Royal Bank of Canada	100,000	(19,966)
JPMorgan Chase Bank	110,000	(29,223)
UBS AG	110,000	(29,222)
	<u>\$ 420,000</u>	<u>\$ (98,377)</u>

\*The Fair Value is the estimated amount that would have been received by or paid by NMDOT if the agreements had been terminated at June 30, 2013, under the terms of the agreement. This value is the net present value of the receipts and payments

anticipated to be made pursuant to the agreements. The net present values are calculated based on discount rates indicated by actual swap transactions that occurred on or around June 30, 2013. Negative amounts indicate payments that would have been made by the NMDOT to the counterparties.

These swaps have been deemed a hedge, and as such, the total amount entered as a tentative liability for the year ended June 30, 2013 was \$98,377. During fiscal year 2013, management of NMDOT evaluated the effectiveness of the SWAP agreements and found a portion to be ineffective. As a result, the ineffective portion was expensed in the amount of \$39,932, and the amount was reduced to \$58,445. This consists of the JP Morgan Chase Bank and UBS AG SWAP agreements.

#### Associated Debt (in thousands)

Variable Rate Debt*	Original Issue	2013 Debt Service		Net Swap Payments Made (Rec'd.)	Total Net Interest Paid	Effective Interest Rate
		Principal	Fixed Interest			
Series 2008 A and C	\$ 200,000	\$ -	\$ 7,912	\$ 1,072	\$ 8,984	4.5%
Series 2008 B	220,000	-	11,220	16,719	11,237	5.1%

\*The interest and swap payments for these bonds include the payments for the Series 2004 and 2006 Bonds that the Series 2008 Bonds replaced.

The interest includes amounts paid with the fiscal year without regard to the costs associated with the swap collateral (Taxable) Line of Credit.

#### Risks

##### Credit Risk

Credit risk is the possibility that a counterparty will not fulfill its obligations.

The credit ratings of the counterparties, at June 30, 2013, were:

Counterparty	Moody's	S&P	Fitch
Royal Bank of Canada	Aa3	AA-	AA
Goldman Sachs	Aa2	AAA	N/A
Deutsche Bank	A2	A+	A+
JPMorgan Chase Bank	Aa3	A+	A+
UBS AG	A2	A	A

Presently, the State has no exposure to loss with respect to the counterparties, as the termination values of the swaps are negative. That is, no amounts would be owed to the State if any swaps were terminated at present. Each swap agreement contains provisions requiring the posting of collateral in the event that termination values exceed certain amounts. Termination values currently exceeded these limits, and accordingly, on June 4, 2013, collateral was posted for \$11,820 at UBS. The swap agreements permit the netting of amounts owed between NMDOT and the counterparty, mitigating, to some extent, the level of credit risk. The State believes it has an adequate degree of diversification with regard to counterparties.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### **Swap Collateral Requirement – Taxable Line of Credit**

Negative balances at the end of the fiscal year were such that collateral needed to be posted. For that purpose, a short-term Taxable Line of Credit was established. There was \$23,000 outstanding on the line of credit at the end of the fiscal year, with \$40,000 borrowed and \$17,000 repaid during the year. During the year, the State paid off a \$50,000 balance on the 2008D GRIP bonds that the BNSF had previously required as collateral. The new agreement, as discussed above, requires that the State have an available line of credit for \$50,000 as an insurance in case certain conditions occur.

#### **Interest Rate Risk**

The knockout option in the 2006 swaps leaves the State open to interest rate risk. If the Securities Industry and Financial Markets Association (SIFMA) municipal swap index averages above 7.0 percent for 180 consecutive days, then, as provided by the terms of the knockout option, swap agreements could be cancelled by the counterparties and the State would have outstanding unhedged variable rate debt in a 7.0 percent interest rate environment.

#### **Basis Risk**

Basis risk is the possibility that the variable rate paid on the bonds may not be adequately offset by the variable index payment received under the swap agreement. The State has little or no such risk with respect to the 2006 bonds as the 2006 swaps pay a variable rate equal to the SIFMA Municipal Swap index which has very closely approximated, historically, the rates paid on variable rate municipal debt. The State has basis risk, however, with respect to the 2004 swaps. The variable rate the State receives with respect to the 2004 swaps is 68.0 percent of one-month LIBOR. While this rate has closely tracked the SIFMA Municipal Swap Index for a long period of time, there has recently been some

divergence between the two indices. There is no guarantee that the two indices will remain as closely correlated in the future as they were in the past. There is a possibility, therefore, of a mismatch between actual variable rate bond debt service payments and the variable rate receipts under the 2004 swap agreements, resulting in a failure to achieve the synthetic fixed rate expected when the swaps initiated.

One event that would cause a divergence between the indices is a significant change in U.S. income tax rates. This might result in 68.0 percent of LIBOR no longer approximating the tax-exempt rate set by the market for the State's variable rate debt.

#### **Termination Risk**

The unplanned termination of one or more of the swaps exposes the State to the possibility that the synthetic fixed rate expected to be obtained on the variable rate debt will not, in fact, be achieved. The swap agreements contain the standard International Swaps and Derivatives Association, Inc. (ISDA) provisions for termination, including events such as bankruptcy, ratings downgrades, and failure to post collateral when required. In addition, the State, but not the counterparties, can terminate the swaps at any time with 30-day notice.

#### **University of New Mexico**

##### **▪ Defeased Bonds**

On October 1, 1992, the University of New Mexico (UNM) defeased \$3,095 of the Series 1986 A Bonds, \$24,765 of the Series 1989 Bonds, and \$4,825 of the Series 1991 Bonds. Sinking fund monies in the amount of \$36,651 from the Series 1992 A Refunding Revenue Bonds were placed in an irrevocable trust to provide for all future debt service payments. The refunding resulted in debt service savings to the UNM. The remaining principal

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

outstanding in the escrow account at June 30, 2013, is \$6,564.

The liability for defeased bonds and the related assets held in trust are not included in the accompanying basic financial statements since UNM has satisfied its obligation for payment of the defeased bonds.

#### **Standby Purchase Agreements**

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. The provider is JP Morgan. Liquidity fees for the year ended June 30, 2013, were \$812. Expiration is December 31, 2014.

A schedule including maturities and fees is as follows:

<b>JP Morgan (1)</b>				
<b>Liquidity Expiration</b>	<b>Series 2001</b>	<b>Series 2002B</b>	<b>Series 2002C</b>	<b>Grand Total</b>
12/31/2014	\$ 35,275	\$ 22,090	\$ 35,190	\$ 92,555

#### **Liquidity Fees**

	<b>2001</b>	<b>2002B</b>	<b>2002C</b>	<b>Total</b>
FY13	\$ 245	\$ 155	\$ 239	\$ 639

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Interest Rate Swap Agreement

On June 30, 2013, UNM had the following derivative instruments outstanding (in thousands):

Item/ Counter-Party	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
<b>Hedging-type:</b>							
A - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	\$ 8,819	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	\$ (1,375)
B - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	35,190	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.9% Fixed	(5,417)
C - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	22,090	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.8% Fixed	(2,907)
D - RBC Royal Bank	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	8,819	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	(1,390)
<b>Investment-type:</b>							
E - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2001 System Improvement Revenue Bonds (Overlay Swap)	17,638	8/15/2006	6/1/2026	Receive 63.6% of 5 year USD swap rate + 0.3% - Pay SIFMA	714
F - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2002C Refunding Revenue Bonds (Overlay Swap)	35,190	8/15/2006	6/1/2030	Receive 63.9% of 5 year USD swap rate + 0.3% - Pay SIFMA	1,437



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The debt service requirements to maturity for these bonds are based on the fixed rate per the swap agreements. UNM will be exposed to

variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in UNM making or receiving a termination payment.

#### ▪ Risks

##### Credit Risk

Each of UNM's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counterparty to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

<u>Entity</u>	<u>Moody's</u>		<u>S &amp; P</u>		<u>Fitch</u>	
	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>
JP Morgan	Aa3	P-1	A+	A1	A+	F1
PBC Royal Bank	Aa3	P-1	AA-	A1+	AA	F1+

##### Interest Rate Risk

UNM is exposed to interest rate risk on all of its interest rate swaps. As the Securities Industry and Financial Markets (SIFMA) swap index decreases, UNM's net payment on the underlying swaps increases. On its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, as LIBOR and the Securities Industry and Financial Markets Association (SIFMA) swap index increases, the UNM's net payment on the overlay swaps increases.

##### Basis Risk

The variable-rate debt hedged by UNM's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every 7 days. UNM is exposed to basis risk on its pay-variable (SIFMA), receive -variable (LIBOR) overlay interest rate swaps because the variable-rate payments received by UNM on these derivative instruments are based on a rate (LIBOR) other than the index (SIFMA) UNM pays on the VRDO bonds. At

June 30, 2013, the SIFMA variable rate is 0.06 percent while the percentage of LIBOR rate is 1.192 percent.

##### Termination Risk

UNM or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, UNM is exposed to termination risk on Derivative Instruments B and C because the contract provides the counterparty with a knockout option to terminate the contract if the 180-day SIFMA is equal to or greater than 7.0 percent. The 180-day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA Index Rates published within the previous 180-day period. If at the time of termination, a derivative instrument were in a liability position, UNM would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### **Rollover Risk**

UNM is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, UNM will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose UNM to rollover risk because the counterparty has the option to terminate the contract by exercising a knockout option.

#### **Foreign Currency Risk**

UNM has no exposure to foreign currency risk from its derivative instruments.

#### **Commitments**

All of UNM's derivative instruments include provisions that require UNM to post collateral in the event its credit rating falls below certain levels. UNM has entered into a two-way Credit Support Annex (CSA) with the swap counter-parties, which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps mark-to-market values are above the mandated thresholds.

<b>Rating</b>	<b>Swap MTM Threshold for Party's A &amp; B</b>	
AA/Aa2 and >	USD	\$ 25,000
AA-/Aa3	USD	\$ 20,000
A+/A1	USD	\$ 15,000
A/A2	USD	\$ 10,000
A-/A3	USD	\$ 5,000
BBB+/Baa1 and <	USD	\$ -

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If UNM or the counterparty does not post collateral, the derivative instrument may be terminated. UNM's credit rating was AA/Aa2 at June 30, 2013; therefore, no collateral was posted.

#### **Derivative Instrument Payments and Hedged Debt**

As of June 30, 2013, aggregate debt service requirements of UNM's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

**University of New Mexico**  
**Debt Service Requirements - Hedging Derivative Instruments**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Hedging Derivative Instruments, Net</b>	<b>Total</b>
2014	\$ 4,450	\$ 88	\$ 2,826	\$ 7,364
2015	4,620	132	2,619	7,371
2016	4,820	217	2,340	7,377
2017	4,650	319	2,026	6,995
2018	4,840	418	1,722	6,980
2019	5,570	481	1,470	7,521
2020	6,320	525	1,222	8,067
2021	6,580	521	1,025	8,126
2022	6,855	507	837	8,199
2023	7,155	476	667	8,298
2024	7,465	420	527	8,412
2025	7,770	352	397	8,519
2026	9,900	267	286	10,453
2027	2,900	149	158	3,207
2028	3,030	115	111	3,256
2029	3,160	76	70	3,306
2030	2,470	34	29	2,533

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Fiscal Year Changes in Swap Valuations

UNM has entered into interest rate swaps as shown in the prior schedule. The swaps were put in place starting in fiscal years 2002 and 2003. UNM has recorded the swaps at their estimated fair values as of June 30, 2013. Swaps A through D are deemed cash flow hedges, and therefore, in addition to recording the liability at fair value, UNM has recorded an offsetting deferred outflow of resources. Annually, the changes to the fair values are recorded

as an increase or decrease to the liability and the offset. The fair value change in fiscal year 2013 for the hedge instruments was an increase of \$4,786 to the liability and an equal offsetting increase to the offset. Swaps E and F are not cash flow hedges but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2013, was recorded to unrealized gain in the amount of \$409.

#### G. Other Liabilities

##### Notes Payable

Details of notes payable for the year ended June 30, 2013, follow:

**Notes Payable - Governmental Activities**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 145	\$ 227	\$ 372
2015	178	167	345
2016	183	155	338
2017	76	106	182
2018	60	97	157
2019-2023	286	329	615
2024-2028	130	188	318
2029-2033	167	151	318
2034-2038	214	104	318
2039-2043	159	44	203
			-
<b>Total</b>	<b>\$ 1,598</b>	<b>\$ 1,568</b>	<b>\$ 3,166</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### **Compensated Absences**

Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, Health and Human Services Fund, and Highway and Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Internal Service Fund.

#### **Pollution Remediation Obligation**

The State is responsible for environmental management to reasonably protect human health and the environment in accordance with the Environmental Improvement Act, Chapter 74-1-1, NMSA 1978 (Act). Among other things, one of the functions of the Act is to create a department accountable to manage environmental issues in the State. The Environment Department has been designated as the responsible government unit. The Environment Department is to “serve as agent of the state in matters of environmental management and consumer protection not expressly delegated by law to another department, commission or political subdivision in which the United States is a party” through the enforcement of rules, regulations, and orders promulgated by the Environment Department and consumer protection laws.

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) became effective in fiscal year 2009. GASB 49 provides guidance in estimating and reporting the potential costs of pollution remediation. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care. While GASB 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the State is compelled to take action,
- The State is found in violation of a pollution related permit or license,
- The State is named, or has evidence that it will be named as a responsible party by a regulator,
- The State is named, or has evidence that it will be named in a lawsuit to enforce a cleanup, or
- The State commences or legally obligates itself to conduct remediation activities.

The nature of the identified sites, the methodology used in the estimate and the estimated liability are further explained below:

*Leaking Petroleum Storage Tanks (LPST)* – The State oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. In addition, the State takes the lead at high priority sites where owners and operators are unknown, unwilling, or unable to take corrective action. The corrective action fund is funded by a per load fee collected at the loading dock from wholesale distributors of petroleum products. The State identified 855 responsible party and state- lead active LPST sites as of June 30, 2013.

For the year ended June 30, 2013, the State determined the average cost to clean up a site to a “No Further Action (NFA)” status was approximately \$160,300 (not in thousands) based on the NFA sites in the past five years. The State used this average cost to clean up each site to determine the estimated liability by multiplying it by the number of active sites. In addition, the State used a twenty-year projection period to apply the direct salaries and benefits and to apply the estimated recoveries through petroleum products loading fees. The amount with which the State reduced the estimated liability with expected recoveries through state-mandated

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

petroleum product loading fees not yet realized or realizable exceeded the estimated liability. As a result, the estimated pollution remediation liability for LPST sites as of June 30, 2013 is \$-0-, net of expected recoveries. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulations, or other unforeseen conditions.

*Superfund* – The Superfund Oversight Section of the State assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites, which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List. There are currently 14 listed Superfund sites, 1 proposed site, and 4 deleted sites in New Mexico, which are in various stages of investigation and remediation.

The primary objective of the Superfund Oversight Section is to address releases or threatened releases of hazardous substances that pose an imminent or substantial endangerment to public health and safety or the environment. The major functions of the Superfund Program are to investigate and evaluate the release or threatened release of hazardous substances, identify responsible parties, and to remediate sites on the National Priorities List to ensure protection of human health and the environment. The pollution remediation liability for Superfund sites was calculated by estimating the

remediation liabilities for active sites in New Mexico. Sites for which one or more Potentially Responsible Parties is performing or funding the investigation and cleanup were excluded from the estimate. In cases where a potential responsible party has not been identified, federal funds will cover 100.0 percent of the investigation costs and 90.0 percent of the cleanup costs for up to ten years. The State must assure payment of 10.0 percent of the cleanup costs for the first 10 years and 100.0 percent of the costs for any cleanup actions required beyond 10 years. Although there is no cost share requirement for sites where removal actions are performed, the state is responsible for 100.0 percent of post removal operation and maintenance.

Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites or phases without budget projections, Superfund Program and Project Managers' estimated costs for the Superfund phases of investigation and cleanup, based on experience with similar sites, may change drastically from one year to another as the investigations continue or remediation progresses. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulations, or other unforeseen conditions. The State does not expect any recoveries from other responsible parties that would reduce this liability. As of June 30, 2013, the estimated pollution remediation liability for Superfund sites is \$53,373 (in thousands).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### **Indian Water Rights Liability**

New Mexico currently has three Indian water settlements pending: the Navajo Nation Settlement in the San Juan River adjudication; the Settlement Agreement with the Pueblos of Nambe, Pojoaque, Tesuque, and San Ildefonso in the Aamodt adjudication; and the Taos Pueblo Settlement in the Rio Pueblo de Taos/Rio Hondo adjudication. In each of these three settlements, a settlement has been executed by the affected Tribe or Pueblo, the State of New Mexico, and in some cases the local water rights owning parties. The United States, although a participant, has only signed the Navajo Nation Settlement Agreement.

Each of the agreements involves a contribution from the State of New Mexico in the form of construction of infrastructure. The value of infrastructure and mutual benefits projects contemplated in the three settlements are estimated at more than \$1.7 billion as of June 30, 2013. The State will not own the infrastructure once completed; the infrastructure and projects will be owned by tribal and local governments. Costs are expected to be borne as follows (in thousands):

Federal government	\$	1,512,844
Local governments		93,200
State of New Mexico		130,040
Total estimated costs	\$	<u>1,736,084</u>

The State estimates that it will receive a credit towards its cost share of about \$31 million, resulting in the State expending about \$100 million during the next six to ten years to meet obligations under these three settlements. The present value of this amount is \$91.4 million, which is the amount recorded as an adjustment to net position at June 30, 2012. During the fiscal year ended June 30, 2013, the State expended \$5.2 million, and a credit adjustment was also made, which reduced the total liability to \$75.2 million at June 30, 2013.

Actual amounts recorded may require future adjustments that could increase or decrease the liability due to the on-going nature of the settlement negotiations and the credit provisions in the settlements. Due to the fact that negotiations related to the timing of the payments are still continuing among the affected parties, the State is unable to estimate the amount due for these settlements during the next five, as well as subsequent, years. Likewise, interest expense related to these settlements cannot be imputed at this time.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Short-term Debt

The State issues one to three-day sponge bonds in order to utilize available cash proceeds more effectively. The following were issued and paid during the year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Redeemed</u>	<u>Issuance Costs</u>	<u>Ending Balance</u>
<b>Sponge Bonds</b>	\$ -	\$ 279,827	\$ (279,827)	\$ -	\$ -

#### Discrete Component Units

Long-term liability activity for the two largest component units follows:

<b>New Mexico Finance Authority Long-term Liabilities (Expressed in Thousands)</b>					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>New Mexico Finance Authority</b>					
Bonds Payable, Net	\$ 1,217,119	\$ 47,027	\$ (83,740)	\$ 1,180,406	\$ 84,400
Other Liabilities:					
Compensated Absences	296	173	(195)	274	274
<b>Total Long-term Liabilities</b>	<u>\$ 1,217,415</u>	<u>\$ 47,200</u>	<u>\$ (83,935)</u>	<u>\$ 1,180,680</u>	<u>\$ 84,674</u>

<b>New Mexico Mortgage Finance Authority Long-term Liabilities (Expressed in Thousands)</b>					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable, Net	\$ 1,104,990	\$ 94,340	\$ (246,979)	\$ 952,351	\$ 20,186
Other Liabilities					
Notes Payable	1,500	-	-	1,500	-
Accrued Arbitrage Rebate	73	5	-	78	-
Other Noncurrent Liabilities	226	5	-	231	-
Compensated Absences	307	339	(320)	326	326
Total Other Payables	2,106	349	(320)	2,135	326
<b>Total Long-term Liabilities</b>	<u>\$ 1,107,096</u>	<u>\$ 94,689</u>	<u>\$ (247,299)</u>	<u>\$ 954,486</u>	<u>\$ 20,512</u>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

New Mexico Finance Authority bonds outstanding at June 30, 2013 are as follows:

**Bonds Payable - New Mexico Finance Authority**  
(Expressed in Thousands)

<u>Bond Series</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Balance June 30, 2013</u>
Public Project Revolving Fund - Senior Lien:				
2002 A	4.4 - 5.0	2013 - 2023	\$ 55,610	\$ 5,010
2003 A - B	3.5 - 5.0	2013 - 2032	65,315	8,198
2004 A - C	3.0 - 6.0	2013 - 2033	246,840	115,680
2005 A - B	3.5 - 5.0	2013 - 2025	32,515	13,375
2006 B & D	4.3 - 5.0	2013 - 2036	94,660	75,005
2007 E	4.3 - 5.0	2013 - 2032	61,945	42,765
2008 A - C	3.0 - 6.0	2013 - 2038	224,640	184,920
2009 A - E	2.3 - 6.1	2013 - 2039	161,815	133,485
2010 A - B	2.0 - 6.4	2013 - 2039	85,175	71,830
2011 A - C	2.0 - 6.2	2013 - 2036	126,055	107,695
2012 A	1.5 - 5.5	2013 - 2038	24,340	23,605
2013A	2.0 - 5.5	2013 - 2038	44,285	44,285
Subtotal			<u>1,223,195</u>	<u>825,853</u>
Public Project Revolving Fund - Subordinate Lien:				
2005 C - F	3.6 - 5.0	2013 - 2025	95,910	81,115
2006 A & C	4.0 - 5.0	2013 - 2035	89,405	73,555
2007 A - C	4.0 - 5.3	2013 - 2034	204,345	150,420
Subtotal			<u>389,660</u>	<u>305,090</u>
Total Public Project Revolving Fund			<u>1,612,855</u>	<u>1,130,943</u>
Pooled Equipment Certificates of Participation:				
1995 A	6.3	2015	4,288	83
1996 A	5.8	2016	1,458	25
Subtotal			<u>5,746</u>	<u>108</u>
Other:				
1999 State Capitol Building Improvement	7.0	2015	9,315	1,825
2004 A Cigarette Tax - University of New Mexico	4.0 - 5.0	2019	39,035	10,825
2006 Cigarette Tax - Behavioral Health Projects	5.5	2026	2,500	1,625
Subtotal			<u>50,850</u>	<u>14,275</u>
Total Bonds Outstanding			<u>\$ 1,669,451</u>	<u>1,145,326</u>
Unaccreted Bond Premium/Deferred Charge, Net				<u>35,080</u>
<b>Total Bonds Payable</b>			<b><u>\$ 1,669,451</u></b>	<b><u>\$ 1,180,406</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Annual debt service requirements to maturity are as follows:

**New Mexico Finance Authority Bonds Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

Fiscal Year	Principal	Interest	Total
2014	\$ 84,400	\$ 54,172	\$ 138,572
2015	85,400	50,696	136,096
2016	84,669	46,915	131,584
2017	76,477	43,149	119,626
2018	79,980	39,596	119,576
2019-2023	353,045	144,679	497,724
2024-2028	221,205	69,171	290,376
2029-2033	107,565	28,767	136,332
2034-2038	52,530	5,671	58,201
2039-2040	55	4	59
	<u>1,145,326</u>	<u>482,820</u>	<u>1,628,146</u>
Net Unaccreted Premium, De- ferred Charge	35,080	-	
<b>Total</b>	<b><u>\$ 1,180,406</u></b>	<b><u>\$ 482,820</u></b>	<b><u>\$ 1,628,146</u></b>

New Mexico Mortgage Finance Authority bonds outstanding at September 30, 2013, consist of:

**Bonds Payable - New Mexico Mortgage Finance Authority**  
*(Expressed in Thousands)*

Bond Issue	Maturity Date	Interest Rate (%)	Balance September 30, 2013
Single Family Mortgage Programs			
Series 1994 A	2025	6.9	\$ 130
Series 2004 A - E	2034 - 2035	3.5 - 6.1	25,345
Series 2005 A - D	2036 - 2037	3.8 - 6.1	34,565
Series 2006 A - F	2037 - 2038	4.1 - 6.2	88,150
Series 2007 A - E	2038 - 2039	3.7 - 6.4	116,110
Series 2008 A - D	2039	3.5 - 7.0	70,295
Series 2009 A - E	2039 - 2040	2.1 - 6.0	132,770
Series 2010 A	2040	3.0 - 4.6	50,425
Series 2011 A - C	2041	2.8 - 5.4	127,025
Series 2012 A - B	2043	0.4 - 4.3	92,545

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Bonds Payable - New Mexico Mortgage Finance Authority (Continued)

(Expressed in Thousands)

Bond Issue	Maturity Date	Interest Rate (%)	Balance September 30, 2013
Single Family Mortgage Programs (Continued)			
Series 2013 A - C	2043	2.2 - 4.5	\$ 89,166
Total Single Family Mortgage Programs			826,526
Unaccreted Bond Premium/Discount, Net			16,944
Total Single Family Mortgage Programs Payable			843,470
Rental Housing Mortgage Programs			
Series 2002 A - B	2038	5.4 - 6.8	8,935
Series 2003 A - B	2038	5.1 - 5.4	8,450
Series 2004 A - G	2037 - 2040	4.6 - 6.5	30,020
Series 2005 A - F	2040	4.7 - 5.7	15,925
Series 2007 A - D	2042 - 2043	5.0 - 10.0	19,086
Series 2008 A - B	2043	0.2 - 0.8 *	8,520
Series 2010 A - B	2047	5.0	890
Series 2012 A	2014	5.0	3,954
Other (not disclosed)			10,985
Total Rental Housing Mortgage Programs			106,765
Unaccreted Bond Premium/Discount, Net			192
Total Rental Housing Mortgage Programs Payable			106,957
Capital Debt			
Series 2005 General Revenue Office Building Refunding	2026	3.8 - 4.4	2,005
Unamortized Discount			(81)
Total Capital Debt Payable			1,924
Total General Obligation Bonds Outstanding			935,296
Total Unaccreted Premium, Net of Unamortized Discount			17,055
<b>Total Bonds Payable</b>			<b>\$ 952,351</b>

\* Determined on a weekly basis until adjusted to reset rates or fixed rates.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Annual debt service requirements to maturity are as follows:

**New Mexico Mortgage Finance Authority Bond Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End September 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 20,186	\$ 41,946	\$ 62,132
2015	16,796	41,191	57,987
2016	17,605	40,527	58,132
2017	18,090	39,741	57,831
2018	19,125	38,932	58,057
2019-2023	110,591	180,321	290,912
2024-2028	173,460	148,582	322,042
2029-2033	179,358	104,598	283,956
2034-2038	219,346	57,923	277,269
2039-2040	120,348	18,925	139,273
2044 - 2048	40,391	269	40,660
	<u>935,296</u>	<u>712,955</u>	<u>1,648,251</u>
Net Unaccrued Premium	17,055	-	17,055
<b>Total</b>	<b>\$ 952,351</b>	<b>\$ 712,955</b>	<b>\$ 1,665,306</b>

In November 2005, NMMFA began issuing bonds under a General Indenture of Trust dated November 1, 2005 (the General Indenture). The bonds are secured, as described in the General Indenture and the applicable amended and supplemented Series Indenture, by the revenues, moneys, investments, mortgage loans, Mortgage Backed Securities (MBS), and other assets in the accounts established under the General Indenture and each Series Indenture.

Prior to November 2005, NMMFA issued bonds under separate Trust Indentures. The bonds are secured as described in each Trust Indenture by the revenue, moneys, investments, mortgage loans, MBSs, and other assets in the accounts established by each respective Trust Indenture.

The single family mortgage loans purchased with the proceeds of all the bond issuances occurring during fiscal years 2010 through 2013 were pooled and

packaged as mortgage loan pass-through certificates insured by GNMA or FNMA.

In December 2009, NMFA entered into a General Indenture of Trust dated December 1, 2009 to accommodate those bonds issued under the New Issue Bond Program, which was developed by the U.S. Treasury in conjunction with Fannie Mae and Freddie Mac. On December 23, 2009, NMFA issued Series 2009 Bonds (GSE Escrow Bond Purchase Program) in the amount of \$155 million. The interest on the GSE Escrow Bond Purchase Program is a variable rate that produces an interest payment equal to investment earnings. The bonds were placed with Fannie Mae and Freddie Mac with bond proceeds being held in an escrow at US Bank National Association. The purpose of the escrow issue was to store private activity bond volume cap. The escrow bonds could then be rolled out into a maximum of six bond issues to provide funds to originate mortgage loans with all rollouts being initiated by December 31, 2011.

Under the New Issue Bond Program (the NIBP), a portion of the principal amount is rolled out from the GSE Escrow Bond Purchase Program and purchased by Fannie Mae and Freddie Mac. The other portion of the principal amount is sold in the primary bond market. The NIBP allows for relocking the interest rate on the NIBP portion of each rollout up to eight days prior to the bond closing. The Authority rolled out four bond issues under this program during FY 2011 and FY12.

Since the Authority exhausted all of its NBIP allocation, it subsequently returned to issuing bonds under the General Indenture of Trust, dated November 1, 2005. During FY 2013, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005 as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

- \$25 million Single Family Mortgage Program Class I Bonds, Series 2013 Series A Bonds;
- \$36.2 million Single Family Mortgage Program Class I Bonds, 2013 Series B, \$11.2 million of which in combination with funds in the trust estates were used to fully refund the Single Family Mortgage Program Bonds 2003 Series E and 2004 Series A Bonds. The Authority will realize a \$2.4 million positive cash flow from this refunding and an economic gain of approximately 3.8 million.

\$30 million Single Family Mortgage Program Class I Bonds, 2013 Series C Bonds.

The bonds issued during FY 2013 utilized the pass-through structure. The pass-through structure requires that monthly loan revenues are passed through to the bond investors in the form of principal and interest payments with bonds being called on a monthly basis. The Authority receives an administrative fee on a monthly basis after payments are made to the bondholders and the trustee fee is paid.

During FY 2013, bonds from the Tax Exempt Second Mortgage Program Bonds, Series 2000, were called in total on September 1, 2013, utilizing funds from the Authority General Fund. The excess program revenue funds in the amount of approximately \$152,000 were brought into the General Fund. In addition, whole loans from the program were brought into the General Fund as an investment.

Certain Mortgage Purchase Program bonds were legally defeased in 2005 and 1992, and therefore, are not reflected in the financial statements. The outstanding balance of these bonds totaled approximately \$30 million at September 30, 2013. The bonds are secured, as described in the applicable bond resolution, by the revenues, moneys, investment mortgage loans, MBS's, and other assets in the

accounts established by the respective bond resolutions.

Details of NMMFA notes payable are as follows:

<b>New Mexico Mortgage Finance Authority</b>			
<b>Notes Payable</b>			
<i>(Expressed in Thousands)</i>			
	<b>Maturity</b>	<b>Interest</b>	<b>Balance</b>
<b>Note</b>	<b>Date</b>	<b>Rate (%)</b>	<b>September 30,</b>
			<b>2013</b>
Note Payable, Wells Fargo	2024	2.0 - 6.0	\$ 650
Note Payable, Wells Fargo	2023	2.0	850
<b>Notes Payable</b>			<b>\$ 1,500</b>

The Wells Fargo borrowings were made to raise capital to help fund the Primero Loan Program, which provides loans for nonprofit, public, or tribal-sponsored affordable projects.

## H. Net Position and Fund Equity

### 1. Governmental Fund Balances

Fund balances of governmental funds are classified as:

- Nonspendable – amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be intact. Examples include inventories and permanent fund principal.
- Restricted – amounts where legally enforceable constraints are imposed by an external party such as a grantor, by the State Legislature, or by the constitution at the same time the revenue is created.
- Committed – amounts where constraints are imposed by formal action of the government's highest level of decision-making authority, the State Legislature or the Governor, which cannot be used for any other purpose unless the constraint is changed by similar action. These constraints are imposed separately from the creation of the revenue.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

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- Assigned – amounts where constraints are imposed on the use of resources through the intent made by any level of decision-making authority in the government if the governing body has expressly delegated that authority to the official or to a committee.
  
- Unassigned – the residual amount after all classifications have been considered. The General Fund is the only fund that reports a positive unassigned fund balance.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

A summary of the nature and purpose of governmental fund balances, by fund type, at June 30, 2013, follows (in thousands):

	<u>General Fund</u>	<u>Education</u>	<u>Health and Human Services</u>	<u>Highway and Transportation</u>	<u>Appropriated Bond Proceeds Capital Outlay</u>	<u>Severance Tax Permanent</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable:								
Deferred Charges	\$ -	\$ -	\$ -	\$ 21,161	\$ -	\$ -	\$ -	\$ 21,161
Inventories	5,968	-	5,079	23,428	-	-	14	34,489
Permanent Funds	-	-	-	-	-	4,166,990	789,834	4,956,824
Total Nonspendable	<u>\$ 5,968</u>	<u>\$ -</u>	<u>\$ 5,079</u>	<u>\$ 44,589</u>	<u>\$ -</u>	<u>\$ 4,166,990</u>	<u>\$ 789,848</u>	<u>\$ 5,012,474</u>
Restricted:								
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,534	\$ 49,534
Culture, Recreation and Natural Resources	41,952	-	-	-	-	-	108,098	150,050
Debt Service	-	-	-	-	-	-	245,355	245,355
General Control	10,955	-	-	-	-	-	-	10,955
Health and Human Services	-	-	7,530	-	-	-	-	7,530
Judicial	2,015	-	-	-	-	-	-	2,015
Public Safety	12,392	-	-	-	-	-	-	12,392
Public School	-	24,466	-	-	-	-	-	24,466
Regulation and Licensing	1	-	-	-	-	-	-	1
State Roads	-	-	-	105,080	-	-	-	105,080
Total Restricted	<u>\$ 67,315</u>	<u>\$ 24,466</u>	<u>\$ 7,530</u>	<u>\$ 105,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,987</u>	<u>\$ 607,378</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

	<u>General Fund</u>	<u>Education</u>	<u>Health and Human Services</u>	<u>Highway and Transportation</u>	<u>Appropriated Bond Proceeds Capital Outlay</u>	<u>Severance Tax Permanent</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Committed:								
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ 973,184	\$ -	\$ -	\$ 973,184
Culture, Recreation and Natural Resources	-	-	-	-	-	-	-	-
General Control	22,959	-	-	-	-	-	43,763	66,722
Health and Human Services	-	-	5,498	-	-	-	-	5,498
Judicial	-	-	-	-	-	-	13,238	13,238
Public Safety	200	-	-	-	-	-	26,636	26,836
Public School	-	16,553	-	-	-	-	-	16,553
Regulation and Licensing	-	-	-	-	-	-	115,210	115,210
State Roads	-	-	-	219,551	-	-	-	219,551
Total Committed	<u>\$ 23,159</u>	<u>\$ 16,553</u>	<u>\$ 5,498</u>	<u>\$ 219,551</u>	<u>\$ 973,184</u>	<u>\$ -</u>	<u>\$ 198,847</u>	<u>\$ 1,436,792</u>
Assigned:								
General Control	\$ 488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488
Health and Human Services	-	-	989	-	-	-	-	989
Total Assigned	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,477</u>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### 2. Net Position Restricted by Enabling Legislation

The government-wide statement of Net Position reports \$ 6.9 billion of restricted Net Position for the primary government of which \$ 607.4 million is restricted by enabling legislation.

#### 3. Deficit Net Position/ Fund Equity

##### Governmental Activities

The net position of the Risk Management Internal Service Fund had a deficit as a result of actuarially-recognized claims. This deficit put the entire Internal Service Fund into a deficit net position.

#### 4. Net Position/Fund Balance Restatements - Correction of Errors

During the fiscal year ended June 30, 2013, the State determined that the following errors had been made in the fiscal year ended June 30, 2012 fund balances and net position (in thousands):

##### Government-wide Statements - Corrections:

Deferred revenue not recognized	
in prior year	\$ 23,091
Cap. Assets - overstatements	(76,192)
Indian Water Rights Settlement liability not recognized	
in prior year	(91,400)
Total government-wide	<u>(144,501)</u>
<b>Major Funds - Corrections:</b>	
General Fund -	
Understated revenues	\$ <u>81,167</u>
Education Fund -	
Activity not reported	<u>7,993</u>
Health & Human Svcs. -	
Overstated Fed. receivable	(60,212)
Overstated accounts rec.	(4,579)
Total HHS	<u>(64,791)</u>

##### Major Funds - Corrections (Continued):

Highway & Transportation -	
Understated expenditures	\$ <u>(3,658)</u>
Approp. Bond Proceeds -	
Understated expenditures	<u>(29,920)</u>
Total Major Funds	<u>(9,209)</u>

##### Nonmajor Funds - Corrections:

Misstated revenues -	
Spec. Rev. - CRNR	7,858
Spec. Rev. - Judicial	672
Spec. Rev. - Gen. Control	491
Spec. Rev. - Reg. & Lic.	(1,797)
Cap. Proj. - Reg. & Lic.	1,280
Cap. Proj. - STB Approp.	2,217
Cap. Proj. - Pub. Safety	101
Misstated expenditures -	
Debt Svc. - STB Bonds	<u>2,191</u>
Total Nonmajor Funds	<u>13,013</u>
<b>Total All Funds</b>	<u>3,804</u>
<b>Total Net Position</b>	<u>\$ (140,697)</u>

An additional nonmajor component unit was added for the fiscal year ending June 30, 2013. This was the Cumbres & Toltec Scenic Railroad Commission. The State of New Mexico appoints two of the four-person board members, with the other two appointed by the State of Colorado. The Commission is fiscally dependent on the State for an annual appropriation. Also, a nonmajor component unit corrected the total of its art work capital assets. The effect of these adjustments on beginning component unit net position was as follows:

Beg. Component Unit total net position, as previously reported	\$ 1,142,221
Adjustments	<u>15,215</u>
Beg. Component Unit total net position, as adjusted	<u>\$ 1,157,436</u>

The following schedule reconciles June 30, 2012, Net Position/fund balance previously reported to beginning Net Position/fund balance, as reported in the accompanying financial statements (in thousands):

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

#### Net Position/Fund Balance Restatements

<b>Total Net Position/ Fund Balances:</b>	<b>Net Position - Governmental Activities</b>	<b>Total Gov't.-wide Adjustments</b>	<b>Total Fund Balances - Governmental Funds</b>	<b>Total Major Govern- mental Funds</b>	<b>Total Non- major Govern- mental Funds</b>
Beg. Net Position/Fund Balances, as Previously Reported	\$ 12,597,167	\$ -	\$ 7,567,334	\$ 6,245,343	\$ 1,321,991
Adjustment - Correction of Errors	(140,697)	(144,501)	3,804	(9,209)	13,013
Beg. Net Position/Fund Balances, as Restated	<u>\$ 12,456,470</u>	<u>\$ -</u>	<u>\$ 7,571,138</u>	<u>\$ 6,236,134</u>	<u>\$ 1,335,004</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2012	<u>\$ (140,697)</u>	<u>\$ (144,501)</u>	<u>\$ 3,804</u>	<u>\$ (9,209)</u>	<u>\$ 13,013</u>

<b>Major governmental funds affected:</b>	<b>Major Fund General</b>	<b>Major Fund Spec. Rev. - Education</b>	<b>Major Fund Spec. Rev. - HHS</b>	<b>Major Fund Spec. Rev. - H. &amp; Transp.</b>	<b>Major Fund Cap. Proj. - Approp. Bonds</b>
Beg. Net Position/Fund Balances, as Previously Reported	\$ 816,333	\$ 101,410	\$ 53,643	\$ 475,711	\$ 917,630
Adjustment - Correction of Errors	81,167	7,993	(64,791)	(3,658)	(29,920)
Beg. Net Position/Fund Balances, as Restated	<u>\$ 897,500</u>	<u>\$ 109,403</u>	<u>\$ (11,148)</u>	<u>\$ 472,053</u>	<u>\$ 887,710</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2012	<u>\$ 81,167</u>	<u>\$ 7,993</u>	<u>\$ (64,791)</u>	<u>\$ (3,658)</u>	<u>\$ (29,920)</u>

<b>Nonmajor governmental funds affected:</b>	<b>Spec. Rev. - CRNR</b>	<b>Spec. Rev. - Gen. Control</b>	<b>Spec. Rev. - Judicial</b>	<b>Spec. Rev. - Reg. &amp; Lic.</b>
Beg. Net Position/Fund Balances, as Previously Reported	\$ 100,830	\$ 39,077	\$ 12,851	\$ 125,590
Adjustment - Correction of Errors	7,858	491	672	(1,797)
Beg. Net Position/Fund Balances, as Restated	<u>\$ 108,688</u>	<u>\$ 39,568</u>	<u>\$ 13,523</u>	<u>\$ 123,793</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2012	<u>\$ 7,858</u>	<u>\$ 491</u>	<u>\$ 672</u>	<u>\$ (1,797)</u>

	<b>Debt Svc. - STB Bonds</b>	<b>Cap. Proj. - Pub. Safety</b>	<b>Cap. Proj. - Reg. &amp; Lic.</b>	<b>Cap. Proj. - STB Approp.</b>
Beg. Net Position/Fund Balances, as Previously Reported	\$ 221,392	\$ -	\$ (1,635)	\$ 12,205
Adjustment - Correction of Errors	2,191	101	1,280	2,217
Beg. Net Position/Fund Balances, as Restated	<u>\$ 223,583</u>	<u>\$ 101</u>	<u>\$ (355)</u>	<u>\$ 14,422</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2012	<u>\$ 2,191</u>	<u>\$ 101</u>	<u>\$ 1,280</u>	<u>\$ 2,217</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3

#### NOTE 3. OTHER INFORMATION

##### A. Risk Management

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through its Internal Service Fund. Coverage is provided for the following:

- Workers' Compensation
- Civil Rights and Foreign Jurisdiction
- Aircraft
- Money and Securities
- Health/Life
- General Liability
- Automobile
- Property
- Employee Fidelity Bond
- Short-term & Long-term Disability

Coverage is extended to the entities contained within the enterprise funds, including universities and other schools.

The Internal Service Fund (ISF) services all claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and unemployment compensation. ISF has reinsurance for liability and civil rights claims in the amounts of \$1,050 each. The ISF has a tort claim cap of \$1,050. Civil rights claims may exceed this amount and the ISF has reinsurance from \$5,000 to \$10,000. The ISF would then be liable for the amount remaining above \$10,000. All funds, agencies, and authorities of the State participate in ISF. ISF allocates the cost of providing claims servicing and claims payment by charging a premium to each fund, agency, or public authority based on claims history and exposure of each participant. The charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophe losses.

ISF fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated annually to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Total insurance claims payable at June 30, 2013, were \$212,675. The amounts of the liabilities are determined by independent actuarial consultants to the ISF. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 3.5 percent annual rate, except for long-term disability liability, which is computed at 5.0 percent annual rate, between June 30, 2013, and the date the claims are ultimately expected to be paid.

Insurance claims payable presented are actuarial computed estimates of the costs of administering, defending, and settling claims for events that had occurred as of the year-end. Since these estimates are based on historical information and various statistical measures, actual amounts paid may vary significantly from the amount estimated by the fund actuaries and reported herein.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The basis of estimating the liabilities for unpaid claims is found in the independent actuarial report.

The following shows the reconciliation of changes in the unpaid claims in the ISF, which are stated at present value (in thousands):

	<b>Balance June 30, 2012</b>	<b>Incurred (Net of Actuarial Provision)</b>	<b>Payments</b>	<b>Balance June 30, 2013</b>
Surety Bond	\$ 14	\$ (5)	\$ (3)	\$ 6
Public Property Reserve	1,725	4,173	(4,148)	1,750
Workers Compensation	42,285	25,265	(17,017)	50,533
Public Liability	189,214	(59,977)	(20,774)	108,463
State Unemployment	9,080	(1,149)	(2)	7,929
Local Public Body	2,043	749	(1,048)	1,744
Group Insurance Premium	40,154	319,178	(317,082)	42,250
<b>Total</b>	<b>\$ 284,515</b>	<b>\$ 288,234</b>	<b>\$ (360,074)</b>	<b>\$ 212,675</b>

	<b>Balance June 30, 2011</b>	<b>Incurred (Net of Actuarial Provision)</b>	<b>Payments</b>	<b>Balance June 30, 2012</b>
Surety Bond	\$ 14	\$ 10	\$ (10)	\$ 14
Public Property Reserve	2,316	4,982	(5,573)	1,725
Workers Compensation	35,032	24,601	(17,348)	42,285
Public Liability	91,140	115,466	(17,392)	189,214
State Unemployment	8,382	11,746	(11,048)	9,080
Local Public Body	1,677	2,812	(2,446)	2,043
Group Insurance Premium	39,688	321,223	(320,757)	40,154
<b>Total</b>	<b>\$ 178,249</b>	<b>\$ 480,840</b>	<b>\$ (374,574)</b>	<b>\$ 284,515</b>

It is possible that other claims against ISF may exist, but have not been asserted.

#### B. Employee Retirement Systems and Pension Plans

##### Plan Descriptions

The State maintains five cost-sharing multiple-employer public employees' retirement systems

(Systems): Four separate systems are administered by the New Mexico Public Employees' Retirement Association (PERA) and one system is administered by the New Mexico Educational Employees' Retirement Board (ERB). PERA is the administrator of four pension plan funds, including the Public Employees Retirement System (PERS), the Judicial Retirement System (JRS), the Magistrate Retirement System (MRS), and the Volunteer Firefighter Retirement System (VFRS). Collectively, the

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Systems offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators. The laws governing the administration of the Systems are set forth in Chapter 10, NMSA 1978, and applicable Replacement Pamphlets. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, 33 Plaza La Prensa, Santa Fe, NM 87507. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502.

PERA is directed by the Public Employees Retirement Board (Board) which consists of twelve members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

The number of participating government employers, and the number of members for each system for the year ended June 30, 2013, were (not in thousands):

	<u>PERA*</u>	<u>JRS</u>	<u>MRS</u>	<u>VFRS</u>	<u>EERS</u>
Number of Employers					
State Agencies	126	-	-	-	24
Cities	88	-	-	-	-
Counties	33	-	-	-	-
Public Schools	-	-	-	-	90
Universities and Colleges	-	-	-	-	15
Special Schools	-	-	-	-	7
Charter Schools	-	-	-	-	95
Other	71	16	9	363	-
Totals	<u>318</u>	<u>16</u>	<u>9</u>	<u>363</u>	<u>231</u>
Retirees and Beneficiaries					
Receiving Benefits	32,042	133	86	762	39,088
Terminated Plan Members					
not yet Receiving Benefits	7,756	23	13	805	35,304
Active Plan Members	50,131	123	41	6,461	61,211

\*PERA Retirement Fund includes the Legislative Fund

### Funding Benefit Policies

*Public Employees Retirement System (PERS)* – is a cost sharing, multiple employer defined benefit pension plan which has six divisions of members: State General, State Police/Hazardous Duty, Municipal General, Municipal Police, Municipal Fire, and State Legislative Divisions, and offers 18 different coverage plans. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10-11-3, NMSA 1978.) Except as provided for in the Volunteer Firefighter Retirement Act (Chapters 10-11A-1 to 10-11A-7, NMSA 1978), the Judicial retirement Act (Chapters 10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (Chapters 10-12C-1 to 10-12C-18, NMSA 1978), the Educational Retirement Act (Chapter 22-11, NMSA 1978), and the provisions of Chapters 29-4-1 through 29-4-11, NMSA 1978, governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service. Members of the State Legislative Division may retire at any age with 14 years of credited service. Generally, the amount of normal retirement pension is based on final average salary, which is defined as the average of salary for the 36 consecutive months of credited service producing the largest average, credited service, and the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2.0 percent to 3.5 percent of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60.0 percent to 100.0 percent of the final average salary, depending on the division. Legislative members who meet retirement eligibility requirements receive annual pensions equal to \$250 or \$500 (not in thousands) multiplied by the number of years of credited service. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Current member contributions for all plans, except the State Legislative Division, are based upon a percentage of salary and range from 4.8 percent to 16.6 percent, depending upon the division and coverage plan of their gross salary— i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers. Employer contributions also vary with the different divisions and coverage plans and are based upon a percentage of salaries paid, ranging from 7.0 percent to 25.3 percent. The contribution requirements of plan members and PERA are established in State statute under Chapter 10-11, NMSA 1978. The requirements may be amended by acts of the legislature. Members of the State Legislative

Division contribute \$500 (not in thousands) for each year of credited service; the actuary determines employer contributions for members of the State Legislative Division annually. The total employer contribution for the State Legislative Division for the fiscal year ended June 30, 2011, was determined by the actuary to be \$776.

Effectively July 1, 2010, the retirement age and service credit requirements for normal retirement for PERA state and municipal general members first hired on or after July 1, 2010 were increased, established in State statute under Chapter 10, Article 11, NMSA 1978. Under the new requirements, general members hired on or before June 30, 2010 remain eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, municipal juvenile detention officers and municipal police and firefighters in Plans 3, 4 and 5 will not be affected by the new age and service requirements. Police and firefighters in Plan 3, 4 and 5 are eligible to retire at any age with 20 or more years of service credit. State police and adult correctional officers and municipal juvenile detention officers will remain in 25-year retirement plans where service credit is enhanced by 20.0 percent. In addition to retiring at any age with 30 or more years of service credit, general members in the new plans can retire at any age if the sum of the member's age and years of service credit equals at least 80 or at age 67 with 5 or more years of service credit. No changes were made to pension factors, employee or employer contribution percentages or to the computation of final average salary.

*Judicial Retirement System (JRS)* – is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in Chapter 10-12B-4, NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

exemption has been appropriately filed or unless specifically excluded.

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75.0 percent of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years. For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75.0 percent of salary received during the last year in office prior to retirement multiplied by 5.0 percent of the number of years in service, not exceeding 15 years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of 3.8 percent times the sum of the number of years of service; provided that a pension calculated shall not exceed 75.0 percent of one-twelfth of the salary received during the last year in office. Early retirement provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits. Members contribute at a rate of 7.5 percent of their salaries and the member's court contributes at a rate of 12.0 percent of the member's salary. Additionally, the district court contributes \$38 (not in thousands) for each civil case docket fee paid in the district court, \$25 (not in thousands) from each civil docket fee paid in metropolitan court and \$10 (not in thousands) for each jury fee paid in metropolitan court. Contribution rates are established by State statute.

*Magistrate Retirement System (MRS)* – is a cost-sharing, multiple employer defined benefit pension

plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in Chapter 10-12C-4, NMSA 1978. Every magistrate becomes a member in the Magistrate Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Benefits are available at age 64 or older to any member having served as a magistrate for a minimum of five years. Retirement is available at age 60 to any magistrate or former magistrate having served at least 15 years or at any age with 24 or more years of service credit. The annual pension amount is determined by multiplying 75.0 percent of the salary received during the last year in office prior to retirement by 5.0 percent of the number of years of service, not exceeding 15 years, plus five years. Member contributions are based on 7.5 percent of salaries and the State of New Mexico, through the administrative office of the courts, contributes at a rate of 11.0 percent of the member's salary. Additionally, the magistrate or metropolitan courts contribute \$25 (not in thousands) for each civil case docket fee paid and \$10 (not in thousands) for each civil jury fee paid in magistrate court. Contribution rates are established by State statute.

*Volunteer Firefighters Retirement System (VFRS)* – is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation. Eligibility for membership in the Volunteer Firefighters Retirement Fund is set forth in Chapter 10-11A-2, NMSA 1978. Any volunteer non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in the Volunteer Firefighters Retirement Fund, unless specifically excluded. Benefits are available at age 55 or older to any member having served as a volunteer fire fighter for a minimum of 10 years. Benefits are \$100 (not in thousands) per month with at least 10 but less than 25 years of service or \$200 (not in thousands) per month with 25 or more years of service. Benefits for post-

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

retirement surviving spouse annuities are also available. Members of the Volunteer Firefighters Retirement Fund do not make contributions. State statutes required that the State Treasurer transfer \$750 during the 2011 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

The New Mexico Educational Retirement Board (ERB) was created by the Educational Retirement Act, Chapters 22-11-1 to 22-11-52, NMSA 1978, as amended, to administer and have the responsibility for operating the Educational Employees' Retirement Plan. ERB is an agency of the State. The plan administered by ERB is considered part of the State financial reporting entity and is a pension trust fund of the state.

*The Educational Employees' Retirement System (EERS)* – is a cost-sharing, multiple-employer plan established and administered by ERB to provide retirement, disability, and death benefits for all certified teachers and other employees of the State's educational institutions, junior colleges, and technical-vocational institutions.

The retirement benefit is determined by a formula. The formula includes three component parts: the member's final average salary, the number of years of service credit, and the 0.02 constant factor. The final average salary (FAS) is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of the coverage plan provisions is as follows:

- The member's age and earned service credit add up to the sum of 75 or more; or
- The member is at least 65 years of age and has five or more years of earned service credit; or
- The member has service credit totaling 25 years or more

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then becomes reemployed after that date is as follows:

- The member's age and earned service credit add up to the sum of 80 or more.
- The member is at least 67 years of age and has five or more years of earned service credit.
- The member has service credit totaling 30 years or more.

1) A further requirement to be eligible to retire is that a member must have at least one year of employment after July 1, 1957, and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five years of contributory employment, may contribute to the fund for each year needed. The cost of such contributions is a sum equal to the prevailing combined contributions of the member and the local administrative unit in effect at the time the contributory employment is acquired, which was 20.3 percent as of June 30, 2011, times the average annual salary of the last five years, for each year of contributory employment needed, plus 3.0 percent compounded interest from July 1, 1957, to the date of payment.

2) *Forms of Payment* - The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid



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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

in a lump sum to the member's surviving beneficiary.

- 3) *Benefit Options* - There are three benefit options available:

Option A – Single Life annuity-There are no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of contributions plus interest less benefits paid.

Option B - The single life annuity monthly benefit is reduced to provide for a 100.0 percent survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by adding back the amount by which the benefit was reduced at retirement due to the election of Option B retroactively to the time of retirement.

Option C – The single life annuity monthly benefit is reduced to provide for a 50.0 percent survivor's benefit. The reduced benefit is payable during the life of the member, with provision that, upon death, the reduced 50.0 percent benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by adding the amount by which the benefit was reduced at retirement due to the election of Option C retroactively to the time of retirement.

- 4) *Cost of Living Adjustment* - Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. The adjustment is equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4.0 percent nor be less than 2.0 percent, unless the change in CPI is less than 2.0 percent, in which case, the COLA would equal the change in CPI, but never less than zero. Members retired prior to July 1, 1984, are also entitled to an increase of the lesser of 3.0 percent or the increase in CPI for years prior to the attainment of age 65.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

- 5) *Disability Benefit:*

Eligibility - A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by the Board.

Monthly Benefit - The monthly benefit is equal to 2.0 percent of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2.0 percent of FAS times years of service projected to age 60.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Form of Payment - The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are available.

- 6) *Disability Retirement* - A member with five or more years of earned service credit on deferred status may retire when eligible under the Rule of 75 or when the member attains age 65.
- 7) The Educational Retirement Act, Chapters 22-11-1 to 22-11-53, NMSA 1978, assigns the authority to establish and amend benefit provisions to the Board.

*Refund of Contributions* - Members may withdraw their contributions only when they terminate covered employment in the State and certification of termination has been provided by their former employers. Interest paid to members when they withdraw their contributions following termination of employment is at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or those on deposit for less than one year.

*Alternative Retirement Plan* - The New Mexico legislature established the Alternative Retirement Plan (ARP) through the enactment of NMSA 1978, Chapters 22-11-47 through 52. In contrast to the regular defined benefit plan administered by the Educational Retirement Board (ERB), the ARP is a defined contribution plan. Beginning on July 1, 1991 at the State's six institutions of higher education, and

July 1, 1999 at the State's eight community colleges (the colleges and universities are referred to as the "qualifying state educational institutions"), certain faculty and professional employees in eligible positions have the option of electing to participate in the ARP in lieu of participating in the regular defined benefit plan. Information about the ARP is provided to eligible employees by their employers. Employees must make the election to participate in the ARP within 90 days of employment; those who do not elect to participate in the plan become members of the regular defined benefit plan. Except as described in Section 22-11-47(D), which allows an employee participating in the ARP the option of switching to the defined benefit retirement plan after 7 years of ARP participation, the decision to elect to participate in the ARP is irrevocable. ARP benefits are payable in accordance with the terms of the applicable contracts with vendors; provided, however, that retirement benefits shall, at the option of the employee, be paid in the form of a lifetime income, if held in an annuity contract; payment for a term of years; or a single-sum cash payment. Benefits are based upon contributions made and earnings on those contributions. Retirement, death, and other benefits, including disability benefits, cannot be paid from the Educational Retirement Fund and the ERB does not calculate or determine what benefits can be paid from an ARP account.

Prior to August 31, 2011, the two vendors approved to offer ARP plans to the participants were Teacher Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), and Variable Annuity Life Insurance Company ("VALIC" or "AIG VALIC", now known as "AIG Retirement"). The ERB began a process to select new ARP vendors in the fall of 2010 and on April 29, 2011, selected TIAA-CREF and Fidelity Investments as the ARP vendors. New contracts with those vendors became effective September 1, 2011.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Employees are normally allowed to transfer between vendors once each year; however, after the award of new APR contracts employees were allowed an additional period in the fall of 2011 to transfer vendors.

For the year ended June 30, 2013, employees participating in the ARP contributed 9.4 percent of their gross salaries. The colleges and universities are required to contribute 7.9 percent to the ARP vendor on behalf of the participant and 3.0 percent to the regular defined benefit plan to help offset the impact of the ARP on the defined benefit plan. Employees participating in the ARP do not accrue any right to benefits in the defined benefit plan as a result of that contribution being made to the fund. The 3.0 percent fee remitted to ERB for the year ended June 30, 2013, was \$4,685. The colleges and universities are responsible for submitting the employers' and the employees' contributions directly to the ARP vendors' annuity carriers.

#### **Funded Status and Funding Progress**

*PERA Funding Policy* – Funding of the retirement funds is accomplished through member and employer contributions and the investment earnings on these contributions. The retirement funds use the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities.

The individual entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the pattern of projected exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs

is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The period of time needed to finance the unfunded actuarial accrued liability with current statutory contribution rates is determined using a level percent of payroll amortization technique.

Active member payroll was projected to increase 4.0 percent a year for the purpose of determining the financing period. This estimate is consistent with the base rate of increase in salaries used to calculate actuarial present values.

The valuation assets used for funding purposes is derived as follows: prior year valuations assets are increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount, 25.0 percent of the difference between expected and actual investment income net of expenses for each of the previous four years is added. The funding value of assets for each division is allocated in proportion to the total fund balances.

*ERB Funding Policy* – Funding of the retirement plan is accomplished through member and employer contributions and the investment earnings on these contributions. The contribution rate is set by statute for both members and for the employers. The funding period is determined, as described below, using the Entry Age Normal actuarial cost method.

The Entry Age Normal actuarial cost method assigns the plan's total unfunded liabilities (the actuarial present value of future benefits less the actuarial value of assets) to various periods. The unfunded actuarial accrued liability is assigned to years prior to the valuation, and the normal cost is assigned to the year following the valuation. The remaining costs are the normal costs for future years. Each year's contribution is composed of (i) that year's normal cost, plus (ii) a payment used to reduce the unfunded actuarial accrued liability.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The normal cost is the level (as a percentage of pay) contribution required to fund the benefits for a new member. Under the entry age method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on their behalf. Part of the normal cost is paid from the employees' own contributions. The employers pay the balance from their contributions. In the calculation of the normal cost, the benefit provisions applicable to future new members were used.

The actuarial accrued liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of the assets.

The balance of the employers' contribution - the remainder after paying their share of the normal cost - is used to reduce the unfunded actuarial accrued liability. The funding period is the length of time required for the unfunded actuarial accrued liability to be completely amortized, assuming that the portion used to reduce the unfunded remains level as a percentage of total payroll, which is assumed to grow 3.8 percent per year. The 3.0 percent contribution made by employers to ERB on behalf of employees

who elected to participate in the Alternative Retirement Plan is also used to amortize the unfunded actuarial accrued liability.

It is assumed that all contribution are made monthly at the end of the month.

Active member payroll was projected to increase 3.8 percent a year for the purpose of determining the funding period. This estimate is consistent with the base rate of increase in salaries used to calculate actuarial present values.

The valuation assets used for funding purposes is derived as follows: The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of or (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). Returns are measured net of all investment and administrative expenses.

As required under GASB Statement Number 50, *Pension Disclosures (an amendment of GASB 25 and 27)*, the following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the retirement funds divisions as of the most recent actuarial valuation date.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The funded status of each plan as of June 30, 2013, the most recent actuarial valuation date, is as follows (dollars in thousands):

Retirement System	Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>PERS*</b>	June 30, 2013	\$ 12,467,091	\$ 17,082,507	\$ 4,615,416	73.0 %	\$ 2,049,738	225.4 %
<b>JRS</b>	June 30, 2013	80,007	143,746	63,739	55.7 %	13,226	481.9 %
<b>MRS</b>	June 30, 2013	31,814	54,499	22,685	58.4 %	3,137	723.2 %
<b>VFRS</b>	June 30, 2013	52,179	37,766	(14,413)	138.2 %	N/A **	N/A **
<b>EERS</b>	June 30, 2013	9,828,548	16,362,279	6,533,731	60.1 %	2,516,874	259.6 %

+Benefits are not based on salary, payroll information has been excluded.

\*PERS Retirement Fund includes the Legislative Fund. The Legislative benefits are not based on salary, payroll information has been excluded.

N/A\*\* VFRS Contributions not based on payroll, made by Legislature.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiple year trend information about whether the actuarial

values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits. Additional information as of the latest actuarial valuation follows:

	PERS	JRS	MRS	VFRS	EERS
Valuation date	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age Normal
Amortization method	Level Percent, Open	Level Percent, Open	Level Percent, Open	Level Dollar, Open	Level Payment, Open
Amortization period	30 years^^	30 years^^	30 years^^	30 Years#	30 years
Asset valuation method	4 Year Smoothed Market	4 Year Smoothed Market	4 Year Smoothed Market	4 Year Smoothed Market	5 Year Smoothed Market
Rate of return on investment of present and future assets*	7.8%	7.8%	7.8%	7.8%	7.8%
*Includes inflation at	3.5%	3.5%	3.5%	3.5%	3.0%
Post retirement benefit increases	2.0%	2.0%	2.0%	N/A+	-
Projected salary increases*	4.0% - 19.0%	4.8%	4.3%	N/A+	1.3%
Cost of Living Adjustments	-	-	-	-	2.0%

# Assets currently exceeds actuarial accrued liabilities. The excess was amortized over 30 years and applied as a credit to determine the required contribution.

^^ The statutory contribution rate is not sufficient to meet the PERA board's objective of funding over 30 years.

+ Benefits are not based on salary and are not subject to cost of living increases; therefore, payroll has been excluded.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The following is a schedule of the employer contributions to the above retirement systems (the contributions are equal to the required contributions mandated by the State statute):

**Employer Contributions - Retirement Systems**  
**For the Year Ended June 30, 2013**  
**and Two Preceding Years**  
*(in Thousands)*

System	2013	2012	2011
PERS	\$ 285,560	\$ 274,906	\$ 283,377
JRS	3,527	3,266	3,823
MRS	805	676	895
VFRS *	750	750	750
EERS	299,658	253,845	308,368

\*The contributions are by State statute and transfer was from the State Treasurer.

PERA Required Reserves. New Mexico Statutes, Annotated 1978, Chapters 10-11-123, 10-12B-3, and 10-12C-3 set forth required accounting policies for reserves to be maintained within Net Position available for benefits for the Public Employees Retirement Fund, the Judicial Retirement Fund, and the Magistrate Retirement Fund, respectively. State statutes do not specifically require separate accounting for the Volunteer Firefighters Retirement Fund.

The funds to be maintained are as follows:

Members Contribution Fund represents the accumulated contributions deducted from members' compensation, less refunds and transfers of contributions as provided for in the statute. Annually on June 30, the members' accounts are credited with interest on member contributions and

previously earned interest at a rate determined by the Board. The rate for the 2011 fiscal year was 5.3 percent.

Employers Accumulation Fund represents the accumulated contributions made by affiliated public employers. Each year following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of benefits to be paid over the balance in the Retirement Reserve Fund, discussed below, is transferred to the Retirement Reserve Fund from the Employers Accumulation Fund.

Retirement Reserve Fund represents the accumulated balance available to pay pension benefits to retired members and eligible survivors of deceased members or retirees and to pay residual refunds due to eligible beneficiaries and survivors as provided for in the statute.

Income Fund represents the accumulation of interest, dividends, rents, and other income of PERA, less administrative expense paid out of this fund. At least annually, the balance in this fund is transferred to other funds in a manner determined by the Board. The distribution rate of interest as determined by the Board for fiscal year 2011 was 5.3 percent of member account balances to the Member Contribution Fund. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Net Position of the PERA funds as of June 30, 2013,  
is as follows:

	<b>Public Employees Retirement Fund</b>	<b>Judicial Retirement Fund</b>	<b>Magistrate Retirement Fund</b>	<b>Volunteer Firefighter Retirement Fund</b>
Member Contribution Fund	\$ 2,311,871	\$ 10,484	\$ 3,309	\$ -
Employers Accumulation Fund	3,828,753	53,483	23,127	-
Retirement Reserve Fund	<u>6,567,117</u>	<u>17,552</u>	<u>6,003</u>	<u>53,312</u>
Subtotal	12,707,741	81,519	32,439	53,312
Deferred Compensation Fund	73			
<b>Total</b>	<b><u>\$ 12,707,814</u></b>	<b><u>\$ 81,519</u></b>	<b><u>\$ 32,439</u></b>	<b><u>\$ 53,312</u></b>

#### C. Post-Employment Benefits Other Than Pensions

In addition to pension benefits as described in Note 3.B, the State provides other post-employment benefits (OPEB). The State of New Mexico adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2009.

#### Plan Description

The New Mexico Retiree Health Care Authority (RHCA) was formed February 13, 1990 under the New Mexico Retiree Health Care Act (Act), Chapters 10-7C-1 to 10-7C-19, NMSA 1978, to administer the retiree health care fund which was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico. The Retiree Health Care Act (Chapters 10-7C-1 to 10-7C-19, NMSA 1978) established a cost-sharing multi-employer defined benefit postemployment health care plan (Plan) that provides comprehensive core group health insurance for persons who have retired from

certain public service in New Mexico. The Retiree Health Care Act created a governing board composed

of 11 members (a twelfth member was added through an amendment). RHCA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

The legislation establishing RHCA specifically did not intend to create formal trust relationships among the participating employees, retirees, employers and RHCA administering the Act. However, the substantive plan created by the Act contains all requisite elements to be considered as the equivalent of a trust arrangement. These elements include irrevocable contributions to the Plan, plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan, and plan assets are legally protected from creditors of employers or the Plan administrator. Additionally, there is no provision for a participating government entity to withdraw membership and all risks and costs including benefit costs are shared and are not attributed individually to employers, and a

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

single contribution rate applies to employers. RHCA received a legal opinion that the manner of legal organization of RHCA is substantially equivalent to a trust. As such, RHCA was required to apply GASB Statement No. 43 (GASB 43), *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, as a multi-employer cost-sharing plan. The Net Position of the RHCA is reported as restricted per GASB Statement No. 46 and Chapter 10-7-C-14, NMSA 1978.

#### **Funding Benefit Policies**

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority, and state agencies, state courts, magistrate courts, municipalities, or counties, which are affiliated under or covered by the Educational Retirement Act, or the Magistrate Retirement Act, or the Public Employees Retirement Act.

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 Plan on the person's behalf, unless that person retires before the employer's effective date, in which 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. Employees of RHCA are allowed to participate in the Plan.

The New Mexico Retiree Health Care Act (Chapter 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 (not in thousands) 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 100.0 percent of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The New Mexico Retiree Health Care Act (Chapter 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The contributions are set by legislation and are not based on an actuarial calculation. The Legislature periodically reviews the contribution rates pursuant to Chapter 10-7C-15, NMSA 1978.

For the fiscal year ended June 30, 2013, for regular state employees, the statute required each participating employer to contribute 2.0 percent of each participating employee's annual salary; each participating employee was required to contribute 1.0 percent of their salary.

For employees who were members of an enhanced retirement plan (state police, adult correctional officers, fire fighters and judges) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5 percent of each participating employee's annual salary, and each participating employee was required to contribute 1.25 percent of their salary.

Current retirees are required to make monthly contributions for individual basic medical coverage. Retiree premium contribution increases are no longer limited by the Act, which the RHCA's health care trend will be the basis for any rate increases for the



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

New Mexico basic plan of benefits. The Board may designate other plans as “optional coverages.” Optional and/or voluntary coverages are not subject to the 9.0 percent cap, which expired in fiscal year 2008 per Chapter 10-7C-13, NMSA 1978.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer’s operations or participation in the Plan. The employer, employee and retiree contributions are required to be remitted to RHCA on a monthly basis.

The required and actual contributions of employers in accordance with the funding policy and the percentage of current-year covered payroll for the three preceding fiscal years are as follows:

#### Schedule of Required Contributions (In Thousands)

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contributions - Employers	Percentage Contributed
2013	\$ 340,075	\$ 135,388	39.8 %
2012	326,995	120,873	36.9 %
2011	298,000	112,079	37.6 %

There are requirements for frequency and timing of actuarial valuations, as well as actuarial methods and assumptions that are acceptable for financial reporting. The Authority will obtain actuarial valuations at least biannually and a single actuarial valuation covers all plan members. The Authority will make various disclosures including the schedules of funding progress and required employer contributions presented as required supplementary information.

#### Funded Status

The funded status as of June 30, 2012, the most recent valuation date, was as follows (dollar amount in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 227,488	\$ 3,915,114	\$ 3,687,626	5.8 %	\$ 3,877,827	95.0 %

The fourth actuarial study based on GASB 43 requirements was completed, and increases were reported for the year ended June 30, 2012 in the UAAL and ARC. Factors in these reported increases are as follows:

Both the UAAL and the ARC are slightly higher than the 2010 evaluation. An underlying reason for this is that a majority of PERA and ERB active employees

have incurred an additional two years of service credit and the baseline of health care costs used to project liabilities forward has increased since 2010. Also, a significant portion of additional liability is the result of interest accrued on the \$3.3 billion unfunded liability from 2010.

The actuarial methods and assumptions for the Plan at June 30, 2013, were as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	30 Year Open-Ended Amortization, with the initial payment determined as if future payments would theoretically increase each year on a level percent of pay basis.
Amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	5.0%
Projected payroll increases	4.0%
Health care cost trend rate:	
Prescription Drug & Medical	
(Under Age 65, Age 65, and Over)	8.0% from July 1, 2009 to July 1, 2018, decreasing by 0.5% for each year until it reaches an unlimited rate of 5.0%

The number of members in the Plan for the year ended June 30, 2012 (latest valuation date) were (not in thousands):

#### Plan Membership:

Current Retirees and Surviving Spouses	32,689
Inactive and Eligible for Deferred Benefit	13,318
Current Active Members	90,083
<b>Total</b>	<b>136,090</b>

#### Active Membership:

State General	16,400
State Police and Corrections	1,510
Municipal General	18,648
Municipal Police	3,194
Municipal FTRE	1,864
ERB	48,467
<b>Total</b>	<b>90,083</b>

NMRHCA is a self-funded mainly self-insured entity pursuant to Chapter 10-7C, NMSA 1978, NMRHCA is not construed to be transacting insurance activity otherwise subject to the laws of the State of New Mexico that regulate insurance companies and therefore not subject to minimum statutory reserve requirements.

#### D. Deferred Compensation Plan

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan (Deferred Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The Deferred Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

PERA is the trustee of the Deferred Plan; however, the Deferred Plan uses a third party administrator, acting under contract with PERA. All costs of administration and funding are borne by the Deferred Plan participants. The Administrator has authority to control and manage the operation of the Deferred Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Deferred Plan, and has certain discretionary authority to decide all matters under the Deferred Plan. As Deferred Plan trustee, PERA’s primary responsibility is to select investment options that are safe and provide a reasonable rate of return

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

and to ensure that all investments, amounts, property, and rights under the executed Deferred Plan-Trust are held for the exclusive benefit of Deferred Plan participants and their beneficiaries, as defined in the Deferred Plan. The assets of the Deferred Plan are not assets of the State, but are held in trust for the exclusive benefit of Deferred Plan participants and their beneficiaries. The State has no liability for losses under the Deferred Plan but does have the duty of due care that would be required of a fiduciary agent.

The Deferred Plan issues a publically available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza La Prensa, Santa Fe, NM 87507.

#### **E. Arbitrage on Tax-Exempt Bonds**

Prior to the Tax Reform Act of 1986 (TRA), state and local governments had up to three years to use the proceeds from tax exempt bonds issued by them before arbitrage on such proceeds had to be paid to the U.S. Treasury Department. Arbitrage, as defined, is the excess interest earned by a state or local government on proceeds from the sale of its bonds over interest paid to bondholders.

The TRA required rebate of such arbitrage to the U.S. Treasury Department on governmental bonds issued after August 31, 1986, and on private activity bonds issued after December 31, 1984, when the proceeds were held for six months or longer. These rebates must be calculated annually and paid at the end of every fifth year until the bonds are retired.

The Revenue Reconciliation Act of 1989 amended the six-month rule. For bonds issued after December 19, 1989, the rebate requirement does not apply if, both, all of the gross proceeds of the issue, other than the reserve fund, are spent within the six-month period following the date of issue, and the rebate requirement is satisfied for the reserve fund after the six-month period. The term gross proceeds for purposes of the rule includes both the sale proceeds received from the bonds purchaser on the issue date and investment earnings on such proceeds during the six month period. Gross proceeds deposited in a reserve fund or bona fide debt service fund, however, are not subject to the expenditure requirement.

The following is a schedule of bond issues, along with the year-ends and arbitrage rebate due dates. The State Treasurer has completed the first arbitrage computation for the bonds as indicated:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

	<b>First Computation Date</b>	<b>First Payment Due to IRS</b>	<b>First Computation of Arbitrage Completed</b>	<b>Next Payment Due to IRS</b>
General Obligation Bonds Series 2005	3/1/2010	4/30/2010	X	3/1/2015
General Obligation Bonds Series 2007	3/1/2012	4/30/2012	X	3/1/2017
General Obligation Bonds Refunding Series 2008A	3/1/2013	4/30/2013	X	3/1/2013
General Obligation Bonds Series 2009	5/28/2014	7/28/2014	X	3/1/2019
General Obligation Bonds Series 2011	5/26/2016	7/25/2016	X	3/1/2021
General Obligation Bonds Series 2013	4/23/2018	6/22/2018		3/1/2023
Severance Tax Bonds Series 2003B	6/30/2006	8/29/2006	X	7/1/2013
Severance Tax Bonds Series 2004B	11/17/2009	1/19/2010	X	7/1/2014
Severance Tax Bonds Series 2005A	6/15/2010	8/16/2010	X	7/1/2012
Severance Tax Bonds Series 2005B-1	6/15/2010	8/16/2010	X	7/1/2012
Severance Tax Bonds Series 2005B-2	6/15/2010	8/16/2010	X	7/1/2012
Severance Tax Bonds Series 2006A	6/28/2011	8/19/2011	X	7/1/2011
Severance Tax Bonds Series 2007A	6/28/2011	8/27/2011	X	7/1/2012
Severance Tax Bonds Series 2008A-1	6/25/2013	8/26/2013	X	7/1/2013
Severance Tax Bonds Series 2008A-2	6/25/2013	8/26/2013	X	7/1/2013
Severance Tax Bonds Series 2009A	7/30/2014	9/29/2014	X	7/1/2019
Severance Tax Bonds Series 2010A	3/24/2015	5/26/2015	X	3/24/2020
Severance Tax Bonds Series 2010B	3/24/2015	5/26/2015	X	3/24/2020
Severance Tax Bonds Series 2010C	6/30/2015	8/31/2015	X	7/1/2015
Severance Tax Bonds Series 2010D	12/8/2015	2/8/2016	X	7/1/2017
Severance Tax Bonds Series 2011A-1	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Series 2011A-2	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Series 2012A	6/21/2017	8/21/2017	X	6/21/2022

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### **F. Allowance for Potential Loss - State General Fund Investment Pool**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (Pool), which is managed by the Office of the New Mexico State Treasurer. The Pool is a part of the accompanying financial statements. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent expert diagnostic report revealed that Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration (DFA) at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) took immediate action to address the situation by initiating the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party with expertise in the software used.

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

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

A contingency is a condition, situation, or set of circumstances involving uncertainty as to possible gain (referred to as a gain contingency) or loss (referred to as a loss contingency) to a government that will ultimately be resolved when one or more future events occurs or fails to occur. Resolution of the uncertainty may confirm the acquisition of an asset or the reduction of a liability, or the loss or impairment of an asset or the incurrence of a liability. Under generally accepted accounting principles, loss contingencies should be accrued if it is probable that an asset will be impaired or a liability incurred and the amount can be reasonable estimated.

As of June 30, 2012, DFA considered it probable that the historical reconciliation of the Pool would confirm a loss or impairment of an asset, or the incurrence of a liability, by the General Fund of at least \$70 million. A provision for loss and related allowance was therefore reported in the fiscal year 2012 financial statements of \$101.7 million. As of June 30, 2013, the historical reconciliation of the Pool has not been completed, and management still considers it probable that completion of the reconciliation will result in loss or impairment of an asset, or incurrence of a liability, by the General Fund in the range of \$70 million to \$102 million. Therefore, an allowance for \$70 million, the minimum amount in the range, is reported as of June 30, 2013.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### **G. Commitments and Contingencies**

##### **Federal Funds**

The State received funding from federal sources for specific purposes. The funds are subject to audit, which may result in expenses that are disallowed, or other noncompliance findings under the terms of the funding source's guidelines. The State believes that such disallowances or other noncompliance findings, if any, would not be material to the State's financial position.

##### *Environment Department*

In January of 2012, the Office of the Inspector General (OIG) of the Environmental Protection Agency performed an audit of the New Mexico Environment Department's (Department) Labor Charging Practices to federal programs and determined that the Air Quality Bureau (AQB) and Drinking Water Bureau (DWB) of the Department did not always charge labor and related costs according to two Code of Federal Regulation (CFR) requirements. These bureaus charged labor, fringe benefit and indirect costs to federal grants based on budget, rather than actual activities performed. The OIG issued a draft report in June 2013, with an estimated amount of \$3.8 million in unsupported charges identified. The Department has until May 31, 2014 to submit additional documentation in support of the costs which were charged. The amount of the original determination may be reduced, but by how much is not known at this time. Therefore, the amount of \$3.8 million is reported as a liability.

##### **Litigation**

The State has been named as defendant in several lawsuits or complaints. Neither the final outcome nor the amount of potential loss from these cases is

presently determinable. However, management estimates that the potential loss to the State, if any, is not likely to be material to the State's financial statements. See below for additional information.

##### *Children, Youth, and Families Department*

A judgement in a legal matter was rendered against the Children, Youth, and Families Department (Department) in the amount of \$3.6 million. The Department is currently appealing the judgement. This amount would not be covered by Risk Management Division. A liability has been recorded.

##### *Taxation and Revenue Department*

The State is involved in various lawsuits by taxpayers claiming refunds from various tax programs for taxes under protest totaling \$109,317 for the fiscal year. In addition, there are various lawsuits by taxpayers claiming refunds from various tax programs where no specified dollar amount under protest has been identified. The State intends to contest all cases vigorously. Any liability would be paid for out of the Suspense Related Agency Fund.

##### *Education Trust Board*

Subsequent to June 30, 2013, the Court certified a pending legal action against the Education Trust Board (ETB) as a class action. ETB entered into a proposed settlement with the plaintiffs and the class for a payment by ETB of \$3.75 million. This settlement has been approved by the Court,

Since 2009, a number of class action, derivative, and individual lawsuits have been pending in federal and state courts against Oppenheimer Funds, Inc. (OFI), Oppenheimer Funds Distributor, Inc. (OFDI), and certain mutual funds (Defendant Funds) advised by OFI and distributed by the OFDI. Several of these lawsuits also name as defendants certain officers, trustees and former trustees of the respective

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Defendant Funds. The lawsuits raise claims under federal and state securities laws and state common law and allege, among other things, that disclosure documents of the respective Defendant Funds contained misrepresentations and omissions and that the respective Defendant Fund's investment policies were not followed. The plaintiffs in these actions seek unspecified damages, equitable relief and an award of attorneys' fees and litigation expenses.

The State and the Plan management believe that these suits should not impair the ability of OFI or OFDI to perform their respective duties to the plans of the fiduciary funds, and that the outcome of all of the suits together should not have any material effect on the operations of any of the Oppenheimer mutual funds.

#### H. Subsequent Events

##### Bond Issues

On July 23, 2013, the State issued Severance Tax Bonds Series 2013A in the principal amount of \$157,560. The purpose of these bonds is to fund capital improvements approved by the State Legislature.

##### Other Events

###### *Back-Pay Decision – Union Employees*

A recent decision by the New Mexico Supreme Court has affirmed the decision of an arbitrator regarding payment of back wages for positions which were covered under collective bargaining agreements. It was determined that these positions should have received a pay increase. At the time, the State's revenue stream had been significantly reduced and budget cuts and furloughs were being implemented. The estimated amount of these payments is in the range of \$30 to \$35 million.

###### *New Mexico Mortgage Finance Authority*

Based on information available as of September 30, 2013, management of the Mortgage Finance Authority has determined that it is probable that the Authority has incurred a contingent liability for the balance of two loans which the Board of Directors had previously approved for write-off. The balance of \$438,000 may be payable to the U.S. Department of Housing and Urban Development (HUD) for noncompliance with the affordability requirement.

###### *New Mexico Department of Transportation*

##### Updated Fair Value of Interest Rate Swaps

The estimated fair value of the swaps at November 26, 2013, was as follows:

	<u>Notional Value</u>	<u>Fair Value</u>	<u>Collateral Posted</u>
Goldman Sachs	\$ 50,000	\$ (10,401)	\$ -
Deutsche	50,000	(10,401)	-
Royal Bank of Canada	100,000	(20,801)	1,410
JPMorgan Chase Bank	110,000	(29,624)	1,640
UBS AG	110,000	(29,623)	1,650
	<u>\$ 420,000</u>	<u>\$ (100,850)</u>	<u>\$ 4,700</u>

#### I. Land Grant Permanent Fund

The Fergusson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants, it was stipulated that such lands, totaling 13 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions. Royalties and principal from land sales are transferred by the Commissioner of Public Lands to the State Investment Council, which adds these amounts to the Land Grant Permanent Fund (LGPF). Gains and losses on investment transactions are credited or charged to the

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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LGPF and do not directly affect distributions to the beneficiaries.

On September 23, 2003, New Mexico voters approved Constitutional Amendment No. 2 that changed the LGPF distributions. Beginning with the October 2003 distribution, the annual distributions from the LGPF are 5.0 percent of the average of the year-end market values of the LGPF for the immediately preceding five calendar years. In addition to the 5.0 percent annual distribution, additional distributions were made pursuant to the following schedule: in fiscal years 2005 through 2013, an amount equal to 0.8 percent of the average of the year-end market values of the LGPF for the

immediately preceding five calendar years; and in fiscal years 2013 through 2016, an amount equal to 0.5 percent of the average of the year-end market values of the LGPF for the immediately preceding five calendar years.

The Legislature, by a three-fifths vote of the members elected to each house, may suspend any additional distributions noted above. In addition, no additional distribution shall be made in any fiscal year if the average of the year-end market values of the LGPF for the immediately preceding five calendar years is less than \$5,800,000.

Details of the Fund's changes follow:



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Beneficiary	Balance June 30, 2012 (As Restated)	Earnings From State Land Office	Increases (Decreases) in Capital Accounts, Net	Balance June 30, 2013	Participation Percentage June 30, 2013
Benefiting the State, Included in Governmental Funds:					
Charitable, Penal and Reform	\$ 94,310	\$ 2,908	\$ 7,675	\$ 104,893	0.8%
Miners' Colfax Medical Center	106,277	2,354	8,625	117,256	0.9%
New Mexico Boys School	681	3	55	739	0.0%
New Mexico State Hospital	24,439	1,361	1,978	27,778	0.2%
Improvements to the Rio Grande	27,645	339	2,236	30,220	0.2%
Water Reservoirs	120,189	2,571	9,750	132,510	1.0%
Penitentiary of New Mexico	216,723	7,995	17,685	242,403	1.8%
Public Buildings - Capitol	121,072	2,562	9,829	133,463	1.0%
	<u>711,336</u>	<u>20,093</u>	<u>57,833</u>	<u>789,262</u>	<u>6.5%</u>
Benefiting the State, Included in Enterprise Funds:					
Eastern New Mexico University	9,144	262	743	10,149	0.1%
New Mexico Highlands University	2,937	74	239	3,250	0.0%
New Mexico Institute of Mining and Technology	21,965	657	1,789	24,411	0.2%
New Mexico Military Institute	360,878	12,193	29,414	402,485	3.0%
New Mexico School for the Deaf	218,762	7,209	17,826	243,797	1.8%
New Mexico School for the Blind and Visually Impaired	218,246	7,209	17,784	243,239	1.8%
New Mexico State University	52,000	986	4,216	57,202	0.4%
Northern New Mexico College	2,329	74	190	2,593	0.0%
University of New Mexico	163,210	2,445	13,215	178,870	1.3%
University of New Mexico Saline Lands	2,678	1,297	236	4,211	0.0%
Carrie Tingley Hospital	179	-	13	192	0.0%
Western New Mexico University	2,953	74	240	3,267	0.0%
	<u>1,055,281</u>	<u>32,480</u>	<u>85,905</u>	<u>1,173,666</u>	<u>9.6%</u>
Not Considered to Benefit the State, Included in Fiduciary Funds:					
Public Schools	8,985,484	452,915	735,297	10,173,696	83.5%
Alternative Asset Fair Market Value	43,620	-	12,830	56,450	0.6%
Due From Pools	-	-	4,144	4,144	0.1%
	<u>43,620</u>	<u>-</u>	<u>16,974</u>	<u>60,594</u>	<u>0.7%</u>
<b>Total Net Position Held in Trust for Pool Participants</b>	<b><u>\$ 10,795,721</u></b>	<b><u>\$ 505,488</u></b>	<b><u>\$ 896,009</u></b>	<b><u>\$ 12,197,218</u></b>	<b><u>100%</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### J.Segment Information

The following is condensed financial information for the segments within the proprietary funds that have revenue bonds (in thousands):

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Net Position:</b>									
Current Assets	\$ 1,502	\$ 8,742	\$ 160,144	\$ 35,898	\$ 12,591	\$ 73,272	\$ 19,647	\$ 16,597	\$ 749,571
Other Assets	2,608	4,367	169,261	40,771	10,033	66,096	435,543	13,207	465,515
Capital Assets, Net	47,557	28,095	483,982	145,688	85,518	140,311	59,898	43,551	1,213,835
<b>Total Assets</b>	<b>51,667</b>	<b>41,204</b>	<b>813,387</b>	<b>222,357</b>	<b>108,142</b>	<b>279,679</b>	<b>515,088</b>	<b>73,355</b>	<b>2,428,921</b>
<b>Deferred Outflows of Resources</b>									
Interest Rate Swaps	-	-	-	-	-	-	-	-	11,089
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,089</b>
Current Liabilities	3,639	2,281	65,591	15,395	9,473	12,104	3,101	5,379	257,020
Long-term Liabilities	677	13,848	173,930	40,814	30,003	22,434	-	22,438	617,408
<b>Total Liabilities</b>	<b>4,316</b>	<b>16,129</b>	<b>239,521</b>	<b>56,209</b>	<b>39,476</b>	<b>34,538</b>	<b>3,101</b>	<b>27,817</b>	<b>874,428</b>
Invested in Capital Assets, net	47,049	16,429	321,282	110,031	54,572	127,786	59,860	20,946	659,260
Restricted	3,116	1,388	121,425	43,848	13,298	78,852	428,516	19,874	361,918
Unrestricted	(2,814)	7,258	131,159	12,269	796	38,503	23,611	4,718	544,404
<b>Total Net Position</b>	<b>\$ 47,351</b>	<b>\$ 25,075</b>	<b>\$ 573,866</b>	<b>\$ 166,148</b>	<b>\$ 68,666</b>	<b>\$ 245,141</b>	<b>\$ 511,987</b>	<b>\$ 45,538</b>	<b>\$ 1,565,582</b>
<b>Condensed Statement of Activities:</b>									
Operating Revenues:									
Charges for Services	\$ 12,142	\$ -	\$ 28,495	\$ 10,457	\$ 5,689	\$ 4,631	\$ 6,391	\$ 2,910	\$ 207,133
Net Student Tuition and Fees	-	-	68,722	16,911	10,915	9,090	3,077	6,428	130,301
State, Local, Private Grants/Contracts	-	-	53,111	9,892	5,986	20,256	2,870	1,958	63,085
Patient Income	-	18,604	-	-	-	-	-	-	646,086
Federal Funds	-	324	156,186	9,929	11,203	45,362	982	796	201,827
Other Operating Revenues	-	3,180	32,845	1,289	195	11,481	944	1,285	41,388
<b>Total Operating Revenue</b>	<b>12,142</b>	<b>22,108</b>	<b>339,359</b>	<b>48,478</b>	<b>33,988</b>	<b>90,820</b>	<b>14,264</b>	<b>13,377</b>	<b>1,289,820</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Activities</b>									
<b>(Continued)</b>									
Operating Expenses:									
Operating Expenses	\$ 4,771	\$ 9,049	\$ 102,858	\$ 24,078	\$ 24,228	\$ 88,627	\$ 9,941	\$ 9,346	\$ 809,936
Depreciation Expense	2,840	1,822	33,603	6,991	3,669	9,453	3,138	2,952	95,790
General and Administrative	7,002	12,358	406,967	74,934	35,353	33,618	18,677	28,261	938,990
<b>Total Operating Expenses</b>	<b>14,613</b>	<b>23,229</b>	<b>543,428</b>	<b>106,003</b>	<b>63,250</b>	<b>131,698</b>	<b>31,756</b>	<b>40,559</b>	<b>1,844,716</b>
Operating Income (Loss)	(2,471)	(1,121)	(204,069)	(57,525)	(29,262)	(40,878)	(17,492)	(27,182)	(554,896)
Nonoperating Revenue (Expense)									
Clinical Operations	-	-	-	-	-	-	-	-	113,270
Government Grants and Contracts	-	-	-	17,321	-	-	-	6,144	98,364
Net Investment Income	2	3	9,652	2,294	1,201	78	62,670	70	45,472
Other Revenue	-	5	6,793	-	569	3,876	216	-	31,171
Interest Expense	(58)	-	(5,582)	(1,399)	(1,289)	-	(92)	-	(18,119)
Other Expense	-	-	(1,784)	-	-	-	-	-	-
<b>Total Nonoperating Income (Expense)</b>	<b>(56)</b>	<b>8</b>	<b>9,079</b>	<b>18,216</b>	<b>481</b>	<b>3,954</b>	<b>62,794</b>	<b>6,214</b>	<b>270,158</b>
Capital Contributions	-	-	3,561	-	-	-	(66)	-	4,898
Permanent Fund Contributions	-	-	929	-	-	3,046	-	112	-
Net Transfers	1,070	-	198,792	44,484	29,548	35,533	-	19,920	294,612
Change in Net Position	(1,457)	(1,113)	8,292	5,175	767	1,655	45,236	(936)	14,772
Net Position, Beginning, restated	48,808	26,188	565,574	160,973	67,899	243,486	466,751	46,474	1,550,810
<b>Net Position, Ending</b>	<b>\$ 47,351</b>	<b>\$ 25,075</b>	<b>\$ 573,866</b>	<b>\$ 166,148</b>	<b>\$ 68,666</b>	<b>\$ 245,141</b>	<b>\$ 511,987</b>	<b>\$ 45,538</b>	<b>\$ 1,565,582</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Cash Flows:</b>									
Net Cash Provided (Used) by:									
Operating Activities	\$ 311	\$ (931)	\$ (164,291)	\$ (52,302)	\$ (26,436)	\$ (27,592)	\$ (13,667)	\$ (23,222)	\$ (439,075)
Noncapital Financing Activities	-	-	188,670	59,421	29,413	39,291	(6)	23,772	483,631
Capital and Related Financing Activities	(113)	619	(13,835)	(11,821)	(15,290)	(12,993)	(2,671)	(3,419)	(93,486)
Investing Activities	2	328	17,435	8,978	1,540	6,537	19,317	(1,855)	44,633
Cash and Cash Equivalents at Beginning of Year, as Restated	2,742	6,370	66,362	24,897	17,631	29,646	13,964	14,361	190,465
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,942</b>	<b>\$ 6,386</b>	<b>\$ 94,341</b>	<b>\$ 29,173</b>	<b>\$ 6,858</b>	<b>\$ 34,889</b>	<b>\$ 16,937</b>	<b>\$ 9,637</b>	<b>\$ 186,168</b>

This information is an integral part of the accompanying financial statements.

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# FINANCIAL SECTION

## REQUIRED SUPPLEMENTARY INFORMATION



SHIPROCK, NM  
SOURCE - WWW.TODAYSPHOTO.ORG

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 5,001	\$ 5,001	\$ 4,425,737	\$ 4,420,736
Federal Revenue	106,649	140,398	74,842	(65,556)
Investment Income	15,531	17,246	664,527	647,281
Rentals and Royalties	14,945	15,247	522,659	507,412
Charges for Services	52,303	55,107	54,375	(732)
Licenses, Fees, and Permits	41,525	41,600	107,295	65,695
Assessments	100	106	840	734
Miscellaneous and Other	11,770	13,731	56,814	43,083
Operating Transfers In	852,032	855,208	986,119	130,911
<b>Total Revenues and Other Financing Sources</b>	<b>1,099,856</b>	<b>1,143,644</b>	<b>6,893,208</b>	<b>5,749,564</b>
Fund Balance Budgeted	19,518	25,894		
Total	1,119,374	1,169,538		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
P536 Museums and Monuments	22,121	21,419	20,947	472
P537 Preservation	4,893	4,908	3,610	1,298
P539 Library Services	4,884	4,969	4,918	51
P540 Program Support	4,305	4,036	3,933	103
P551 Water Resource Allocation	13,171	13,609	12,768	841
P552 Interstate Stream Compact Compliance and Water Development	13,292	13,292	11,966	1,326
P553 Litigation and Adjudication	6,467	6,467	6,646	(179)
P554 Program Support	3,873	3,873	3,802	71
P615 Commissioner of Public Lands	13,223	13,289	13,060	229
P684 Administration				-
P685 Livestock inspection	5,582	5,838	5,265	573
P690 Organic Commodity Commission				-
P701 Office of the Natural Resources Trustee	87	87	83	4
P716 Sport Hunting and Fishing	19,770	20,713	15,795	4,918
P717 Conservation Services	5,994	6,669	5,224	1,445
P718 Wildlife Depredation and Nuisance Abatement	514	514	7,367	(6,853)
P719 Program Support	8,229	8,661		8,661
P740 Renewable Energy and Energy Efficiency	964	1,295	1,037	258
P741 Healthy Forests	14,445	14,595	10,257	4,338
P743 Mine Reclamation	7,217	7,314	5,496	1,818
P744 Oil and Gas Conservation	4,023	4,023	3,866	157
P745 Program Leadership and Support	6,173	6,233	5,370	863
P761 Arts	2,004	2,128	2,070	58
<b>Total Culture, Recreation, and Natural Resources</b>	<b>161,231</b>	<b>163,932</b>	<b>143,480</b>	<b>20,452</b>
<b>General Control</b>				
P541 Policy Development, Budget Oversight and Educational Accountability	3,494	3,494	3,061	433
P542 Program Support	1,555	1,555	1,400	155
P543 Community Development, Local Government Assistance and Fiscal Oversight	1,828	1,828	1,606	222
P544 Fiscal Management and Oversight	5,482	5,482	5,398	84
P572 Program Support	20,391	20,391	19,905	486

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED) For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>General Control (Continued)</b>				
P573 Tax Administration	\$ 30,682	\$ 30,693	\$ 29,520	\$ 1,173
P574 Motor Vehicle	24,812	33,599	30,112	3,487
P575 Property Tax	3,224	3,224	2,824	400
P579 Compliance Enforcement	2,055	2,055	1,816	239
P604 Procurement Services	1,391	1,391	1,491	(100)
P608 Business Office Space Management and Maintenance Services	11,994	11,994	11,534	460
P625 Legal Services	15,860	17,164	16,256	908
P628 State Auditor	3,168	4,418	3,761	657
P629 State Investment Council	34,308	36,024	29,765	6,259
P636 New Mexico Sentencing Commission	560	560	560	-
P637 Governor	3,392	3,392	2,975	417
P638 Lieutenant Governor	580	580	450	130
P641 State Commission of Public Records	2,669	2,601	2,492	109
P642 Administration and Operations	2,981	2,981	2,908	73
P643 Personnel Board	3,896	4,234	4,090	144
P644 State Treasurer	3,694	3,694	3,701	(7)
P720 Public Defender Department	40,145	40,370	39,699	671
P738 Public Employees Labor Relations Board	214	214	217	(3)
P783 Elections	1,716	1,749	1,616	133
<b>Total General Control</b>	<b>220,091</b>	<b>233,687</b>	<b>217,157</b>	<b>16,530</b>
<b>Judicial</b>				
P205 Supreme Court Law Library	1,507	1,507	1,426	81
P208 New Mexico Compilation Commission	1,979	1,979	1,772	207
P210 Judicial Standards Commission	743	743	740	3
P215 Court of Appeals	5,515	5,515	5,452	63
P216 Supreme Court	2,879	2,879	2,868	11
P219 Supreme Court Building Commission	833	833	831	2
P231 First Judicial District Court	6,985	7,229	7,103	126
P232 Second Judicial District Court	23,182	24,622	23,854	768
P233 Third Judicial District Court	6,338	6,338	6,311	27
P234 Fourth Judicial District Court	2,135	2,211	2,210	1
P235 Fifth Judicial District Court	6,158	6,222	6,167	55
P236 Sixth Judicial District Court	3,120	3,281	3,269	12
P237 Seventh Judicial District Court	2,236	2,236	2,203	33
P238 Eighth Judicial District Court	2,735	2,743	2,738	5
P239 Ninth Judicial District Court	3,726	3,755	3,745	10
P240 Tenth Judicial District Court	758	758	760	(2)
P241 Eleventh Judicial District Court	4,961	4,967	4,964	3
P242 Twelfth Judicial District Court	2,643	2,652	2,650	2
P243 Thirteenth Judicial District Court	6,833	6,965	6,956	9
P244 Bernalillo County Metropolitan Court	23,198	23,225	23,186	39
P251 First Judicial District Attorney	4,760	4,799	4,799	-
P252 Second Judicial District Attorney	16,943	17,135	16,710	425



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED) For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Judicial (Continued)</b>				
P253 Third Judicial District Attorney	\$ 4,301	\$ 4,301	\$ 4,232	\$ 69
P254 Fourth Judicial District Attorney	2,906	2,906	2,904	2
P255 Fifth Judicial District Attorney	4,210	4,210	4,210	-
P256 Sixth Judicial District Attorney	2,477	2,504	2,474	30
P257 Seventh Judicial District Attorney	2,232	2,232	2,206	26
P258 Eighth Judicial District Attorney	2,397	2,399	2,399	-
P259 Ninth Judicial District Attorney	2,595	2,595	2,588	7
P260 Tenth Judicial District Attorney	957	963	963	-
P261 Eleventh Judicial District Attorney-Division I	3,815	3,876	3,685	191
P262 Twelfth Judicial District Attorney	2,507	2,507	2,475	32
P263 Thirteenth Judicial District Attorney	4,748	4,748	4,464	284
P264 Administrative Office of the District Attorneys	1,840	1,841	1,835	6
P265 Eleventh Judicial District Attorney-Division II	2,013	2,029	2,005	24
P559 Administrative Support	3,091	3,091	3,085	6
P620 Special Court Services	3,557	3,557	3,546	11
<b>Total Judicial</b>	<b>173,813</b>	<b>176,353</b>	<b>173,785</b>	<b>2,568</b>
<b>Legislative</b>				
P100 Legislative Council Service	3,923	3,923	3,910	13
<b>Public Safety</b>				
P503 Program Support	10,081	10,081	7,770	2,311
P504 Law Enforcement	80,818	81,759	72,762	8,997
P530 Program Support	8,405	8,975	8,626	349
P531 Inmate Management and Control	242,081	244,586	236,135	8,451
P534 Community Offender Management	29,714	29,732	28,191	1,541
P704 Parole Board	464	464	407	57
P705 Juvenile Parole Board	20	20	14	6
P706 Victim Compensation	1,710	1,710	1,696	14
P721 National Guard Support	17,282	19,775	15,075	4,700
P759 Homeland Security and Emergency Management Department	36,856	37,161	27,827	9,334
P781 Motor Transportation Program	24,427	25,689	19,967	5,722
P786 State Law Enforcement Support Program	15,248	15,239	13,234	2,005
<b>Total Public Safety</b>	<b>467,106</b>	<b>475,191</b>	<b>431,704</b>	<b>43,487</b>
<b>Regulation and Licensing</b>				
P512 Economic Development	2,906	2,906	2,746	160
P514 Film	875	875	719	156
P515 Mexican Affairs	88	88	66	22
P526 Program Support	2,608	2,608	2,427	181
P529 Technology Commercialization	20	20	19	1
P547 Program Support	1,450	1,450	1,450	-
P548 Tourism Development	986	986	988	(2)
P549 Marketing and Promotion	5,759	5,759	5,760	(1)
P599 Construction Industries and Manufactured Housing	8,280	8,280	7,833	447

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Regulation and Licensing (Continued)</b>				
P600 Financial Institutions and Securities	\$ 2,324	\$ 2,782	\$ 2,402	\$ 380
P601 Alcohol and Gaming	845	845	805	40
P602 Program Support	3,201	3,399	2,874	525
P611 Policy and Regulation	7,190	7,190	6,632	558
P612 Public Safety	9,935	9,984	4,816	5,168
P613 Program Support	3,086	3,086	2,770	316
P645 Board of Examiners for Architects	362	362	292	70
P646 New Mexico Border Authority	138	138	127	11
P675 Insurance Policy	6,157	6,614	5,709	905
P676 Medical Board	1,621	1,621	1,543	78
P677 Board of Nursing	2,321	2,321	2,099	222
P679 State Board of Licensure/Professional Engineers and Surveyors	769	769	387	382
P680 Gaming Control Board	5,468	5,468	5,226	242
P681 State Racing Commission	1,983	1,983	1,937	46
P683 Board of Veterinary Medicine	328	328	305	23
P760 Sports Authority	106	106	106	-
P765 Office of Military Base Planning and Support	126	126	125	1
P770 Spaceport Authority	920	1,456	2,554	(1,098)
<b>Total Regulation and Licensing</b>	<b>69,852</b>	<b>71,550</b>	<b>62,717</b>	<b>8,833</b>
Z000 Special Appropriations	23,358	44,902	13,826	31,076
<b>Total Expenditures and Other Financing Uses</b>	<b>1,119,374</b>	<b>1,169,538</b>	<b>1,046,579</b>	<b>122,959</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,846,629</b>	<b>\$ 5,626,605</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 5,846,629	
Differences Budget to GAAP:				
Expenditures not associated with a P Code			(8,304)	
Revenues with Multi Year Budgets			35,384	
Expenditures with Multi Year Budgets			(98,370)	
GAAP Adjustments				
Transfers Out Not Budgeted			(5,806,171)	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ (30,832)</b>	

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE EDUCATION FUND For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ 54,650	\$ 56,307	\$ 99,300	\$ 42,993
Investment Income	957	957	2,951	1,994
Charges for Services	-	-	101	101
Licenses, Fees, and Permits	2,635	3,005	5,229	2,224
Miscellaneous and Other	3,508	3,808	24,938	21,130
Operating Transfers In	2,645,064	2,645,129	2,495,452	(149,677)
<b>Total Revenues and Other Financing Sources</b>	<b>2,706,814</b>	<b>2,709,206</b>	<b>2,627,971</b>	<b>(81,235)</b>
Fund Balance Budgeted	109	16,028		
Total	2,706,923	2,725,234		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Education</b>				
P505 Policy Development and Institutional				
Financial Oversight	22,778	24,766	19,257	5,509
P506 Student Financial Aid	79,355	88,752	92,421	(3,669)
P508 Rehabilitation Services	27,815	27,524	20,978	6,546
P509 Independent Living Services	1,456	1,456	1,316	140
P511 Disability Determination	16,796	16,796	10,907	5,889
P527 Public Education Department	13,230	13,618	12,494	1,124
P785 Education Trust	-	1,878	5,170	(3,292)
Z000 Special Appropriations	2,545,493	2,550,444	2,458,433	92,011
<b>Total Expenditures and Other Financing Uses</b>	<b>2,706,923</b>	<b>2,725,234</b>	<b>2,620,976</b>	<b>104,258</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,995</b>	<b>\$ (185,493)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 6,995	
Differences Budget to GAAP:				
Revenues with Multi Year Bud Ref			525,749	
Expenditures with Multi Year Bud Ref			(568,406)	
Expenditures not associated with a P Code			(9,075)	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ (44,737)</b>	

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

### HEALTH AND HUMAN SERVICES FUND

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 18,347	\$ 18,347	\$ 21,923	\$ 3,576
Federal Revenue	4,071,939	4,165,916	3,912,257	(253,659)
Investment Income	2,472	2,472	4,005	1,533
Rentals and Royalties	2,622	2,622	3,623	1,001
Charges for Services	91,327	91,327	86,463	(4,864)
Licenses, Fees, and Permits	22,417	22,461	30,721	8,260
Assessments	11,614.00	11,614.00	12,257	643
Miscellaneous and Other	185,700	185,994	195,515	9,521
Operating Transfers In	1,755,073	1,757,103	1,770,374	13,271
<b>Total Revenues and Other Financing Sources</b>	<b>6,161,511</b>	<b>6,257,856</b>	<b>6,037,138</b>	<b>(220,718)</b>
Fund Balance Budgeted	10,590	17,604		
Total	6,172,101	6,275,460		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Health and Human Services</b>				
P001 Administration	17,509	19,057	17,400	1,657
P002 Financial Oversight	188,678	190,394	164,394	26,000
P003 Epidemiology and Response	23,572	25,891	21,746	4,145
P004 Laboratory Services	12,182	12,986	11,743	1,243
P006 Program Area 6 - Facilities	139,004	139,004	129,050	9,954
P007 Developmental Disabilities Support	143,251	148,198	140,129	8,069
P008 Health Certification, Licensing and Oversight	13,494	13,494	11,528	1,966
P522 Program Support	41,630	76,344	42,071	34,273
P523 Child Support Enforcement	32,505	32,505	29,582	2,923
P524 Medical Assistance Program	3,663,042	3,667,838	3,452,993	214,845
P525 Income Support Program	882,757	898,252	878,899	19,353
P567 Program Support	7,769	7,769	6,866	903
P568 Water Quality	25,752	27,698	22,029	5,669
P569 Environmental Health	17,475	17,475		17,475
P570 Environmental Protection	15,040	15,154	12,197	2,957
P576 Program Support	31,872	36,090	34,435	1,655
P577 Juvenile Justice Facilities	69,570	69,342	65,083	4,259
P578 Protective Services	127,816	127,821	139,394	(11,573)
P580 Youth and Family Services				-
P591 Program Support	4,169	4,191	4,103	88
P592 Consumer and Elder Rights	3,457	4,354	3,936	418
P593 Adult Protective Services	12,605	12,605	12,374	231
P594 Aging Network	36,089	36,458	36,099	359
P595 Long Term Services				-
P691 Commission on Status of Women				-
P692 Office of African-American Affairs	681	681	655	26
P693 Commission For Deaf and Hard of Hearing	3,828	3,828	3,269	559
P694 Martin Luther King Jr., Commission	199	199	189	10
P695 Commission for the Blind	7,364	7,748	6,740	1,008

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE HEALTH AND HUMAN SERVICES FUND (CONTINUED) For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Health and Human Services (Continued)</b>				
P696 Indian Affairs Department	\$ 2,649	\$ 2,681	\$ 2,594	\$ 87
P697 Workers' Compensation Administration	10,446	10,686	10,245	441
P698 Governor's Commission On Disability	954	1,246	982	264
P702 Health Policy Commission				-
P726 Veterans' Services Department	2,936	3,061	2,923	138
P727 Developmental Disabilities Planning Council	1,276	1,276	1,169	107
P728 Brain Injury Advisory Council	96	96	95	1
P737 Office of Guardianship	4,169	4,398	4,127	271
P739 Consumer Services Program				-
P766 Medicaid Behavioral Health	292,630	292,630	287,330	5,300
P767 Behavioral Health Services	58,932	60,884	60,097	787
P774 Water and Wastewater Infrastructure			14,377	(14,377)
P775 Workforce Transition Services	23,702	24,533	19,041	5,492
P776 Labor Relations	5,247	6,447	17,686	(11,239)
P777 Workforce Technology	8,436	12,991	10,094	2,897
P778 Business Services	4,069	5,862	4,165	1,697
P779 Program Support	20,984	25,584	7,335	18,249
P780 Uninsured Employers Fund	1,169	1,169	587	582
P782 Early Childhood Services	159,311	163,302	130,955	32,347
P787 Early Childhood Services	598	598	414	184
Z000 Special Appropriations	53,187	62,640	42,765	19,875
<b>Total Expenditures and Other Financing Uses</b>	<b>6,172,101.00</b>	<b>6,275,460.00</b>	<b>5,863,885.00</b>	<b>411,575.00</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 173,253</b>	<b>\$ (632,293)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 173,253	
Differences Budget to GAAP:				
GAAP Adjustments			(98,585)	
Revenues with Non FY2013 Bud Ref			20,560	
Expenditures with Multi Year Bud Ref			(53,994)	
Expenditures not associated with a P Code			(233)	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ 41,001</b>	

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE HIGHWAY AND TRANSPORTATION FUND For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 233,765	\$ 233,765	\$ 229,047	\$ (4,718)
Federal Revenue	403,449	405,341	444,854	39,513
Investment Income	92	90	3,696	3,606
Charges for Services			3,325	3,325
Licenses, Fees, and Permits	185,485	194,330	182,257	(12,073)
Miscellaneous and Other	5,247	5,247	20,479	15,232
Operating Transfers In	-	-	72,900	72,900
<b>Total Revenues and Other Financing Sources</b>	<b>828,038</b>	<b>838,773</b>	<b>956,558</b>	<b>117,785</b>
Fund Balance Budgeted	392,425	428,982		
Total	1,220,463	1,267,755		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Highway and Transportation</b>				
P562 Programs and Infrastructure	908,782	859,166	655,723	203,443
P563 Transportation and Highway Operations	265,239	258,919	263,511	(4,592)
P564 Program Support	46,442	46,379	92,752	(46,373)
Z000 Special Appropriations	-	103,291	-	103,291
<b>Total Expenditures and Other Financing Uses</b>	<b>1,220,463</b>	<b>1,267,755</b>	<b>1,011,986</b>	<b>255,769</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (55,428)</b>	<b>\$ (137,984)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ (55,428)	
Differences Budget to GAAP:				
Revenues with Multi Year Bud Ref			264,383	
Expenditures with Multi Year Bud Ref			(324,667)	
Expenditures not associated with a P Code			(3,298)	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ (119,010)</b>	

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING

For the Year Ended June 30, 2013

(In Thousands)

### Budget Process

The State Legislature makes annual appropriations, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (Modified Accrual Budgetary Basis) and a financial control system, which permits a budget to actual expenditures comparison. Expenditures may not legally exceed appropriations for each budget at the program appropriation unit level. Program appropriation unit is identified in the State's accounting records and in the budgetary schedules as P-Codes, such as "P523 Child Support Enforcement." Budgeted program appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements represent the final authorized amounts. Administrative line item expenditures (personnel, contractual, and other) may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed the approved budget for the program appropriation. Chapter 6-3, NMSA 1978, sets forth the process used to develop the budget for the State of New Mexico. The process is as follows:

1. No later than September 1, the appropriation request is submitted to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of those hearings are incorporated in the State's General Appropriations Act (Act).
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed

time limit, at which time the approved budget becomes a legally binding document.

4. Not later than May 1, an annual operating budget is submitted to DFA by appropriation unit and object code based upon the appropriation authorized by the Legislature. DFA reviews and approves the operating budget, which becomes effective on July 1.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General and Special Revenue Funds.

### Budgetary Basis of Accounting

The budget is adopted on the modified accrual basis of accounting, per statute; however, accounts payable which are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, they must be paid out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP). Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

### Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for, the Appropriated Bond Proceeds Capital Outlay Fund, the General Control Capital Project Fund, the Public Safety Capital Project Fund, the Regulation and Licensing Capital Project Fund, the Severance Tax Bonds Appropriated Capital Projects Fund, the State General Fund Appropriated Capital Projects Fund, and the American Recovery and

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

Reinvestment Act Special Revenue Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These nonoperating budgets primarily serve as a management control purpose, and because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

### **Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities for the operating budgets. Expenditures are classified in the financial control system based on whether the appropriation is from the operating or multiple year budgets (special or capital). Expenditures funded by the operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. The General Fund presented herein includes the general funds of all state agencies. The largest of these general funds is the component appropriation accounts. These appropriation accounts are part of the Department of Finance and Administration. The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as nonappropriated (not budgeted) by the Legislature are the Severance Tax Permanent Fund, the Land Grant Permanent Fund, the General Obligation Bonds Debt Service Fund, the Severance Tax Bond Debt Service Fund, and the following Enterprise Funds: the Educational Institutions, State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

### **Excess of Expenses/Expenditures Over Revenues**

The following funds reported expenses or expenditures over revenues on the budgetary basis for the year ended June 30, 2013:

Major Fund:

Highway and Transportation Special Revenue Fund;

Nonmajor Funds:

General Control Special Revenue Fund;

Regulation and Licensing Special Revenue Fund;

Culture, Recreation, and Natural Resources Debt Service Fund;

Industries for the Blind Enterprise Fund;

Public School Insurance Authority Enterprise Fund;

Miners' Colfax Medical Center Enterprise Fund;

Fleet Operations Internal Service Fund;

Communications Services Internal Service Fund.



# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS

For the Year Ended June 30, 2013

(In Thousands)

The State's Pension Benefit Plans (Plans) are administered by the Public Employees Retirement Association and the Educational Retirement Board as trust funds. Assets of the trust funds are dedicated to providing retirement benefits to participants of the Plans. The State's Other Postemployment Benefit Plan (OPEB Plan) is administered by the Retiree Health Care Authority as an irrevocable trust fund. Assets of the OPEB Plan are dedicated to providing

comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

The following schedules present the actuarially determined funding progress and required contributions for the State of New Mexico's Pension Plans and OPEB Plan.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 12,467,091	\$ 17,082,507	\$ 4,615,417	73.0 %	\$ 2,049,737	225.4 %
June 30, 2012	11,637,216	17,815,473	6,178,257	65.3 %	1,994,280	309.7 %
June 30, 2011	11,878,725	16,852,739	4,974,014	70.5 %	1,935,014	256.9 %
June 30, 2010	12,265,839	15,628,136	3,362,299	78.5 %	1,993,517	168.4 %
June 30, 2009	12,575,142	14,932,624	2,357,482	84.2 %	2,081,259	113.1 %
June 30, 2008	12,836,217	13,761,749	925,532	93.3 %	1,965,064	47.0 %
June 30, 2007	12,049,358	12,982,072	932,714	92.8 %	1,908,520	48.7 %
June 30, 2006	10,863,895	11,800,861	937,261	92.1 %	1,774,918	52.8 %
June 30, 2005	10,008,511	10,920,967	912,456	91.6 %	1,607,839	56.8 %
June 30, 2004	9,275,676	9,973,755	698,079	93.0 %	1,499,069	46.6 %

### Schedule of Employer Contributions +

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 524,299	100.0 %
2012	466,835	100.0 %
2011	356,050	100.0 %
2010	328,203	100.0 %
2009	302,614	100.0 %
2008	293,165	100.0 %
2007	257,095	100.0 %
2006	235,863	100.0 %
2005	219,164	100.0 %
2004	206,836	100.0 %

+Public Employees Retirement Fund includes Legislative Retirement Fund.

Note: Certain amounts in the above schedule were corrected for rounding errors and certain prior-year amounts were restated.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 80,007	\$ 143,746	\$ 63,739	55.7 %	\$ 13,226	481.9 %
June 30, 2012	75,507	147,923	72,416	51.0 %	12,690	570.6 %
June 30, 2011	78,199	139,709	61,510	56.0 %	12,267	501.4 %
June 30, 2010	79,645	130,136	50,491	61.2 %	13,042	387.1 %
June 30, 2009	73,161	120,841	47,679	60.5 %	13,011	366.4 %
June 30, 2008	87,430	111,721	24,292	78.3 %	11,697	207.7 %
June 30, 2007	82,570	104,040	21,471	79.4 %	11,754	182.7 %
June 30, 2006	74,003	95,216	21,213	77.7 %	10,060	210.9 %
June 30, 2005	68,781	87,175	18,394	78.9 %	9,883	186.1 %
June 30, 2004	66,209	87,620	21,411	75.6 %	9,074	236.0 %

### Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 7,235	68.4 %
2012	5,835	79.1 %
2011	5,784	88.9 %
2010	5,658	85.7 %
2009	4,690	115.6 %
2008	4,549	112.6 %
2007	4,149	108.4 %
2006	3,851	100.0 %
2005	3,996	82.0 %
2004	3,721	69.7 %

Note: Certain amounts in the above schedule were corrected for rounding errors and certain prior-year amounts were restated.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 31,813	\$ 54,499	\$ 22,685	58.4 %	\$ 3,137	723.2 %
June 30, 2012	30,879	58,037	27,158	53.2 %	3,214	845.1 %
June 30, 2011	33,121	55,429	22,308	59.8 %	3,405	655.1 %
June 30, 2010	34,652	52,677	18,025	65.8 %	3,520	512.1 %
June 30, 2009	31,524	47,568	16,043	66.3 %	4,129	388.6 %
June 30, 2008	38,866	41,721	2,855	93.2 %	3,363	84.9 %
June 30, 2007	37,242	36,964	(277)	100.7 %	3,465	(8.0) %
June 30, 2006	33,694	33,362	(332)	101.0 %	3,150	(10.6) %
June 30, 2005	31,303	31,385	82	99.7 %	3,196	2.6 %
June 30, 2004	30,072	30,195	123	99.6 %	3,002	4.1 %

### Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 2,286	50.7 %
2012	1,793	57.2 %
2011	2,014	62.5 %
2010	1,698	68.0 %
2009	1,151	86.9 %
2008	1,030	132.6 %
2007	944	127.8 %
2006	1,009	104.8 %
2005	927	100.8 %
2004	894	87.1 %

Note: Certain amounts in the above schedule were corrected for rounding errors and certain prior-year amounts were restated.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 52,179	\$ 37,766	\$ (14,413)	138.2 %	N/A+	N/A
June 30, 2012	47,382	28,219	(19,163)	167.9 %	N/A+	N/A
June 30, 2011	47,005	27,109	(19,896)	173.4 %	N/A+	N/A
June 30, 2010	47,346	20,466	(26,880)	231.3 %	N/A+	N/A
June 30, 2009	48,192	19,869	(28,323)	242.5 %	N/A+	N/A
June 30, 2008	48,438	16,946	(31,492)	285.8 %	N/A+	N/A
June 30, 2007	44,961	16,536	(28,425)	271.9 %	N/A+	N/A
June 30, 2006	40,679	23,743	(16,936)	171.3 %	N/A+	N/A
June 30, 2005	35,651	25,152	(10,499)	141.7 %	N/A+	N/A
June 30, 2004	33,000	17,778	(15,222)	185.6 %	N/A+	N/A

### Schedule of Employer Contributions \*

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed #
2013	\$ -	750.0 %
2012	-	750.0 %
2011	-	750.0 %
2010	-	750.0 %
2009	-	750.0 %
2008	-	750.0 %
2007	0 - 446	168.2 %
2006	406 - 1370	54.7 %
2005	0 - 565	132.7 %
2004	0 - 680	110.3 %

+ Benefits are not based on salary. Accordingly, payroll information have been excluded.

\* Contributions are appropriated from the State of New Mexico Fire Protection Fund.

# Using the high end of the range for the calculation.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 9,828,548	\$ 16,362,279	\$ 6,533,731	60.1 %	\$ 2,516,874	259.6 %
June 30, 2012	9,606,300	15,837,000	6,230,700	60.7 %	2,495,300	249.7 %
June 30, 2011	9,642,200	15,293,100	5,650,800	63.0 %	2,523,800	223.9 %
June 30, 2010	9,431,300	14,353,500	4,922,200	65.7 %	2,575,800	191.1 %
June 30, 2009	9,366,300	13,883,300	4,517,000	67.5 %	2,585,700	174.7 %
June 30, 2008	9,272,800	12,967,000	3,694,200	71.5 %	2,491,700	148.3 %
June 30, 2007	8,591,400	12,190,100	3,598,700	70.5 %	2,341,100	153.7 %
June 30, 2006	7,813,900	11,436,300	3,622,400	68.3 %	2,219,400	163.2 %
June 30, 2005	7,457,500	10,591,800	3,134,300	70.4 %	2,209,100	141.9 %
June 30, 2004	7,488,000	9,927,100	2,439,100	75.4 %	2,142,400	113.8 %

### Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 480,700	62.3 %
2012	400,461	63.4 %
2011	377,885	81.6 %
2010	357,220	87.7 %
2009	375,431	86.2 %
2008	368,197	79.0 %
2007	364,128	70.3 %
2006	299,968	75.5 %
2005	243,237	81.3 %
2004	203,937	92.8 %

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE RETIREE HEALTH CARE AUTHORITY

For the Last Eight Years Ending June 30, 2013

(In Thousands)

### Pension Trust Fund Schedule of Funding Progress +

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 227,488	\$ 3,915,114	\$ 3,687,626	5.8 %	\$ 3,877,827	95.0 %
June 30, 2010	176,923	3,523,665	3,346,742	5.0 %	4,001,802	84.0 %
June 30, 2008	170,626	3,116,916	2,946,290	5.5 %	4,020,509	73.0 %
June 30, 2006	154,539	4,264,181	4,109,642	3.6 %	4,073,732	101.0 %

### Schedule of Employers and Other Contributing Entities Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contributions Employers and Employees	Percentage Contributed
2013	\$ 340,075	\$ 135,388	39.8 %
2012	326,995	120,873	36.9 %
2011	298,000	112,079	37.6 %
2010	286,538	96,816	33.8 %
2009	275,518	94,060	34.1 %
2008	392,591	82,703	21.1 %
2007	275,518	94,224	34.2 %
2006	392,591	82,703	21.1 %

### Additional Information

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	30 Year Open-Ended Amortization, with the initial payment determined as if the future payments would theoretically increase each year on a level percent of pay basis
Amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	5.0%
Projected payroll increases	4.0%
Health care cost trend rate:	
Prescription Drug & Medical (Under Age 65, Age 65, and Over)	8.0% from July 1, 2009 to July 1, 2018, decreasing by 0.5% for each year until it reaches an ultimate rate of 5.0%
Note	This schedule of funding progress is based on healthcare laws and regulations existing at June 30, 2012.

Note: Certain amounts in the above schedule were corrected for rounding errors and certain prior-year amounts were restated.

STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# FINANCIAL SECTION

## OTHER SUPPLEMENTARY INFORMATION



THE BLUE HOLE - SANTA ROSA, NM  
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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for specified purposes. Special Revenue Funds are presented beginning on page 210.

### **Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and other contractual obligations. Debt Service Funds are presented beginning on page 222.

### **Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds). Capital Projects Funds are presented beginning on page 226.

### **Land Grant Permanent Fund**

This fund receives a portion of the royalties and income from the fiduciary Land Grant Permanent Fund. The fund distributes its income to the State Charitable, Penal, and Reformatory Act beneficiaries and the income beneficiaries of the trust land assigned by the Ferguson Act of 1898.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET – BY FUND TYPE NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013  
(In Thousands)

	Special Revenue	Debt Service	Capital Projects	Land Grant Permanent	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 20,352	\$ 2,439	\$ -	\$ 32,892	\$ 55,683
Investment in State General Fund					
Investment Pool	242,655	164,474	51,962	3,382	462,473
Deferred Charges and Other Assets	65	-	-	-	65
Due From Other Funds	49,584	78,671	39,908	425	168,588
Receivables, Net	75,778	-	1,131	24,306	101,215
Investments	61,559	-	-	760,304	821,863
Inventories	14	-	-	-	14
<b>Total Assets</b>	<u>\$ 450,007</u>	<u>\$ 245,584</u>	<u>\$ 93,001</u>	<u>\$ 821,309</u>	<u>\$ 1,609,901</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 27,464	\$ 229	\$ 37,579	\$ 281	\$ 65,553
Accrued Liabilities	2,127	-	20	28,046	30,193
Due To Other Funds	47,182	-	5,267	-	52,449
Due To Brokers	-	-	-	-	-
Intergovernmental Payables	105	-	-	-	105
Other Obligations	235	-	-	3,148	3,383
Deferred Revenue	65,920	-	601	-	66,521
<b>Total Liabilities</b>	<u>143,033</u>	<u>229</u>	<u>43,467</u>	<u>31,475</u>	<u>218,204</u>
Fund balances:					
Nonspendable	14	-	-	789,834	789,848
Restricted	108,098	245,355	49,534	-	402,987
Committed	198,847	-	-	-	198,847
Assigned	-	-	-	-	-
Unassigned (Deficit)	15	-	-	-	15
<b>Total Fund Balances</b>	<u>306,974</u>	<u>245,355</u>	<u>49,534</u>	<u>789,834</u>	<u>1,391,697</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 450,007</u>	<u>\$ 245,584</u>	<u>\$ 93,001</u>	<u>\$ 821,309</u>	<u>\$ 1,609,901</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BY FUND TYPE NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Special Revenue	Debt Service	Capital Projects	Land Grant Permanent	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
General and Selective Taxes	\$ 88,202	\$ 470,256	\$ 5,165	\$ -	\$ 563,623
Other Revenues:					
Federal Revenue	91,344	-	11,440	-	102,784
Investment Income	17,056	7,369	50	78,082	102,557
Rentals and Royalties	5,312	-	377	36,249	41,938
Charges for Services	16,668	-	-	-	16,668
Licenses, Fees, and Permits	34,132	194	-	-	34,326
Assessments	11,141	-	-	-	11,141
Miscellaneous and Other	22,052	-	340	81	22,473
<b>Total Revenues</b>	<u>285,907</u>	<u>477,819</u>	<u>17,372</u>	<u>114,412</u>	<u>895,510</u>
<b>EXPENDITURES</b>					
Current:					
Culture, Recreation, and Natural Resources	43,993	-	11,104	-	55,097
Education	12,983	-	24,209	-	37,192
General Control	75,309	-	16,108	-	91,417
Health and Human Services	11,469	-	12,174	-	23,643
Infrastructure Projects	429	-	811	-	1,240
Judicial	58,549	-	27	-	58,576
Land Grant	-	-	-	37,757	37,757
Public Safety	13,618	-	614	-	14,232
Regulation and Licensing	36,249	-	4,055	-	40,304
Capital Outlay	27,610	-	74,954	-	102,564
Debt Service:					
Principal	2,625	180,126	-	-	182,751
Interest and Other Charges	3,022	50,546	-	-	53,568
<b>Total Expenditures</b>	<u>285,856</u>	<u>230,672</u>	<u>144,056</u>	<u>37,757</u>	<u>698,341</u>
<b>Excess Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>51</u>	<u>247,147</u>	<u>(126,684)</u>	<u>76,655</u>	<u>197,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	198	-	-	-	198
Transfers In	133,119	6,027	141,760	-	280,906
Transfers Out	(124,576)	(281,302)	(8,894)	(1,597)	(416,369)
<b>Total Other Financing Sources (Uses)</b>	<u>8,741</u>	<u>(275,275)</u>	<u>132,866</u>	<u>(1,597)</u>	<u>(135,265)</u>
<b>SPECIAL ITEM</b>					
Indian Water Rights Settlement	(211)	-	(5,000)	-	(5,211)
<b>Net Change in Fund Balances</b>	8,581	(28,128)	1,182	75,058	56,693
<b>Fund Balances - Beginning, as Restated</b>	298,393	273,483	48,352	714,776	1,335,004
<b>Fund Balances - Ending</b>	<u>\$ 306,974</u>	<u>\$ 245,355</u>	<u>\$ 49,534</u>	<u>\$ 789,834</u>	<u>\$ 1,391,697</u>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR SPECIAL REVENUE FUNDS COMBINING FINANCIAL STATEMENTS

### **American Recovery and Reinvestment Act**

The American Recovery and Reinvestment Act (ARRA) Fund was administratively created by the Department of Finance and Administration for New Mexico state agencies to capture all financial activity related to the ARRA of 2011. The purpose of the ARRA fund is to ensure funds are awarded and distributed in a prompt, fair, and reasonable manner; recipients and uses of all funds are transparent to the public, the public benefits of these funds are reported clearly, accurately, and in a timely manner; funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated; projects funded under ARRA avoid unnecessary delays and cost overruns; and programs' goals are achieved, including specific program outcomes and improved results on broader economic indicators.

### **Culture, Recreation, and Natural Resources**

These funds account for revenue sources that are specified to be used for the operation of programs devoted to culture, recreation, and natural resource protection, use, and development.

### **General Control**

These funds account for revenue sources specified to be used in a variety of governmental operational activities.

### **Judicial**

These funds account for revenue sources specified for use in the judicial activities of the State, including the Supreme Court, Court of Appeals, District Courts, and Magistrate Courts.

### **Public Safety**

These funds account for revenue sources specified for use in public safety activities, such as the State Police, Corrections, and other public safety programs.

### **Regulation and Licensing**

These funds account for revenue sources specified for use in regulation and licensing activities, including revenues of the various licensing boards as well as the regulation and licensing of various business activities.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013  
(In Thousands)

	American Recovery and Reinvestment Act	Culture, Recreation, and Natural Resources	General Control	Judicial	Public Safety
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 138	\$ 1	\$ -	\$ 121
Investment in State General Fund					
Investment Pool	-	89,955	53,061	13,907	18,676
Deferred Charges and Other Assets	-	-	-	10	-
Due From Other Funds	5,482	12,605	11,881	2,190	11,918
Receivables, Net	6,868	63,937	2,466	1,796	711
Investments	-	20,922	-	-	-
Inventories	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 12,350</u>	<u>\$ 187,557</u>	<u>\$ 67,409</u>	<u>\$ 17,903</u>	<u>\$ 31,426</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 4,266	\$ 10,158	\$ 6,726	\$ 2,509	\$ 1,188
Accrued Liabilities	29	638	415	591	351
Due To Other Funds	7,941	12,829	16,501	1,559	3,229
Intergovernmental Payables	99	-	2	2	-
Funds Held for Others	-	-	-	-	-
Other Obligations	-	11	2	1	-
Unearned Revenue	-	55,823	-	3	22
<b>Total Liabilities</b>	<u>12,335</u>	<u>79,459</u>	<u>23,646</u>	<u>4,665</u>	<u>4,790</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	108,098	-	-	-
Committed	-	-	43,763	13,238	26,636
Assigned	-	-	-	-	-
Unassigned (Deficit)	15	-	-	-	-
<b>Total Fund Balances</b>	<u>15</u>	<u>108,098</u>	<u>43,763</u>	<u>13,238</u>	<u>26,636</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,350</u>	<u>\$ 187,557</u>	<u>\$ 67,409</u>	<u>\$ 17,903</u>	<u>\$ 31,426</u>

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Regulation and Licensing	Total
\$ 20,092	\$ 20,352
67,056	242,655
55	65
5,508	49,584
-	75,778
40,637	61,559
14	14
<u>\$ 133,362</u>	<u>\$ 450,007</u>

\$ 2,617	\$ 27,464
103	2,127
5,123	47,182
2	105
-	-
221	235
10,072	65,920
<u>18,138</u>	<u>143,033</u>

14	14
-	108,098
115,210	198,847
-	-
-	15
<u>115,224</u>	<u>306,974</u>
<u>\$ 133,362</u>	<u>\$ 450,007</u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

(In Thousands)

	American Recovery and Reinvestment Act	Culture, Recreation, and Natural Resources	General Control	Judicial	Public Safety
<b>REVENUES</b>					
Taxes:					
General and Selective Taxes	\$ -	\$ 8,950	\$ 71,666	\$ -	\$ -
Other Revenues:					
Federal Revenue	52,982	17,864	15,321	-	5,166
Investment Income	-	9,476	53	4,335	7
Rentals and Royalties	-	5,194	59	59	-
Charges for Services	-	1,950	562	12,992	377
Licenses, Fees, and Permits	-	4,483	5,813	1,429	2,478
Assessments	-	7	-	-	-
Miscellaneous and Other	35	2,286	15,101	1,492	(13)
<b>Total Revenues</b>	<u>53,017</u>	<u>50,210</u>	<u>108,575</u>	<u>20,307</u>	<u>8,015</u>
<b>EXPENDITURES</b>					
Current:					
Culture, Recreation, and Natural Resources	5,621	38,372	-	-	-
Education	12,983	-	-	-	-
General Control	2,323	-	72,986	-	-
Health and Human Services	11,469	-	-	-	-
Highway and Transportation	429	-	-	-	-
Judicial	-	-	-	58,549	-
Public Safety	161	-	-	860	12,597
Regulation and Licensing	322	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Capital Outlay	18,233	1,117	134	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
<b>Total Expenditures</b>	<u>51,541</u>	<u>39,489</u>	<u>73,120</u>	<u>59,409</u>	<u>12,597</u>
<b>Excess Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>1,476</u>	<u>10,721</u>	<u>35,455</u>	<u>(39,102)</u>	<u>(4,582)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	-	178	-	20	-
Transfers In	2	22,848	41,141	38,817	20,369
Transfers Out	-	(34,126)	(72,401)	(20)	(3,435)
<b>Total Other Financing Sources (Uses)</b>	<u>2</u>	<u>(11,100)</u>	<u>(31,260)</u>	<u>38,817</u>	<u>16,934</u>
<b>SPECIAL ITEM</b>					
Indian Water Rights Settlement	-	(211)	-	-	-
<b>Net Change in Fund Balances</b>	1,478	(590)	4,195	(285)	12,352
<b>Fund Balances - Beginning, as Restated</b>	(1,463)	108,688	39,568	13,523	14,284
<b>Fund Balances - Ending (Deficit)</b>	<u>\$ 15</u>	<u>\$ 108,098</u>	<u>\$ 43,763</u>	<u>\$ 13,238</u>	<u>\$ 26,636</u>

	Regulation and Licensing	Total
\$	7,586	\$ 88,202
	11	91,344
	3,185	17,056
	-	5,312
	787	16,668
	19,929	34,132
	11,134	11,141
	3,151	22,052
	<u>45,783</u>	<u>285,907</u>
	-	43,993
	-	12,983
	-	75,309
	-	11,469
	-	429
	-	58,549
	-	13,618
	35,927	36,249
	-	-
	8,126	27,610
	2,625	2,625
	3,022	3,022
	<u>49,700</u>	<u>285,856</u>
	<u>(3,917)</u>	<u>51</u>
	-	198
	9,942	133,119
	<u>(14,594)</u>	<u>(124,576)</u>
	<u>(4,652)</u>	<u>8,741</u>
	-	(211)
	(8,569)	8,581
	123,793	298,393
\$	<u>115,224</u>	<u>\$ 306,974</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION

### BUDGETARY COMPARISON SCHEDULE

#### NONMAJOR SPECIAL REVENUE FUNDS—CULTURE, RECREATION, AND NATURAL RESOURCES

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 8,177	\$ 8,277	\$ 8,950	\$ 673
Federal Revenue	5,487	5,122	7,471	2,349
Investment Income (Loss)	9,797	9,797	9,476	(321)
Rentals and Royalties	3,929	3,064	5,194	2,130
Charges for Services	2,128	1,798	1,950	152
Licenses, Fees, and Permits	4,147	4,062	4,483	421
Assessments	80	32	7	(25)
Miscellaneous and Other	238	502	11,371	10,869
Operating Transfers In	9,960	10,100	10,060	(40)
<b>Total Revenues and Other Financing Sources</b>	<b>43,943</b>	<b>42,754</b>	<b>58,962</b>	<b>16,208</b>
Fund Balance Budgeted	16,018	24,159		
Total	59,961	66,913		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
P536 Museums and Monuments	338	338		338
P688 Youth Conservation Corps	4,248	4,248	3,523	725
P764 Intertribal Ceremonial	105	105	104	1
P701 Office of the Natural Resources Trustee	2,203	8,603	2,278	6,325
P716 Sport Hunting and Fishing	1,809	1,844	1,377	467
P717 Conservation Services	1,817	2,130	1,760	370
P718 Wildlife Depredation and Nuisance Abatement	525	525	275	250
P741 Healthy Forests	516	516	342	174
P742 State Parks	23,115	21,927	17,165	4,762
P743 Mine Reclamation	920	920	681	239
P744 Oil and Gas Conservation	5,045	6,659	4,499	2,160
Z000 Special Appropriations	19,320	19,098	3,339	15,759
<b>Total Expenditures and Other Financing Uses</b>	<b>59,961</b>	<b>66,913</b>	<b>35,343</b>	<b>31,570</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,619</b>	<b>\$ (15,362)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 23,619	
Differences Budget to GAAP:				
Expenditures not related to P Codes			(14,444)	
Expenditures with Multi Year Bud Ref			(24,040)	
Revenues with Multi Year Bud Ref			14,275	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ (590)</b>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS—GENERAL CONTROL For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 66,620	\$ 66,620	\$ 61,970	\$ (4,650)
Federal Revenue	1,467	1,399	906	(493)
Investment Income	-	1	53	52
Licenses, Fees, and Permits	2,127	2,127	5,813	3,686
Rental and Royalties	-	-	59	-
Charges for Services			562	562
Miscellaneous and Other	698	1,803	13,811	12,008
Operating Transfers In	46,346	46,346	39,770	(6,576)
<b>Total Revenues and Other Financing Sources</b>	<u>117,258</u>	<u>118,296</u>	<u>122,944</u>	<u>4,589</u>
Fund Balance Budgeted	5,059	16,675		
Total	<u>122,317</u>	<u>134,971</u>		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>General Control</b>				
P573 Tax Administration Act	-	217	205	12
P604 Procurement Services	698	698	366	332
P625 Legal Services	-	9,396	260	9,136
P626 Medicaid Fraud	1,989	1,989	1,730	259
P642 Administration and Operations				-
P643 Personnel Board	29			-
P644 State Treasurer				-
P720 Public Defender Department	245	905	796	109
P783 Elections	1,696	1,696	1,696	-
Z000 Special Appropriations	117,660	120,070	120,841	(771)
<b>Total Expenditures and Other Financing Uses</b>	<u>122,317</u>	<u>134,971</u>	<u>125,894</u>	<u>9,077</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,950)</u>	<u>\$ (4,488)</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ (2,950)	
Differences Budget to GAAP:				
Expenditures with Multi Year Bud Ref			(19,626)	
Revenues with Multi Year Bud Ref			26,771	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<u>\$ 4,195</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS—JUDICIAL

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ 3,512	\$ 6,244	\$ 4,295	\$ (1,949)
Rentals and Royalties	59	59	59	-
Charges for Services	2,803	2,836	2,304	(532)
Licenses, Fees, and Permits	805	879	845	(34)
Miscellaneous and Other	12,542	12,634	11,906	(728)
Operating Transfers In	38,310	38,338	38,832	494
<b>Total Revenues and Other Financing Sources</b>	<b>58,031</b>	<b>60,990</b>	<b>58,241</b>	<b>(2,749)</b>
Fund Balance Budgeted	3,756	4,734		
Total	61,787	65,724		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Judicial</b>				
P210 Judicial Standards Commission	25	25	5	20
P231 First Judicial District Court	397	543	292	251
P232 Second Judicial District Court	841	841	506	335
P233 Third Judicial District Court	592	592	541	51
P234 Fourth Judicial District Court	7	7		7
P235 Fifth Judicial District Court	75	75	53	22
P236 Sixth Judicial District Court	15	15	14	1
P237 Seventh Judicial District Court	318	318	298	20
P238 Eighth Judicial District Court	30	30	20	10
P239 Ninth Judicial District Court	18	18	5	13
P240 Tenth Judicial District Court	29	29		29
P241 Eleventh Judicial District Court	1,414	1,536	1,526	10
P242 Twelfth Judicial District Court	430	430	402	28
P243 Thirteenth Judicial District Court	106	106	105	1
P244 Bernalillo County Metropolitan Court	1,981	1,981	1,356	625
P250 Prosecution Program	2,403	3,183		3,183
P252 Second Judicial District Attorney			527	(527)
P253 Third Judicial District Attorney			1,118	(1,118)
P255 Fifth Judicial District Attorney			79	(79)
P256 Sixth Judicial District Attorney			205	(205)
P257 Seventh Judicial District Attorney				-
P259 Ninth Judicial District Attorney				-
P262 Twelfth Judicial District Attorney			383	(383)
P263 Thirteenth Judicial District Attorney			231	(231)
P264 Administrative Office of the District Attorneys	200	897	28	869
P265 Eleventh Judicial District Attorney-Division II			157	(157)
P559 Administrative Support	7,891	9,194	8,212	982
P560 Statewide Judiciary Automation	8,955	9,225	8,063	1,162
P610 Magistrate Court	28,351	28,888	27,231	1,657
P620 Administrative Support	5,045	5,045	4,915	130
Z000 Special Appropriations	2,664	2,746	1,407	1,339
<b>Total Expenditures and Other Financing Uses</b>	<b>61,787</b>	<b>65,724</b>	<b>57,679</b>	<b>8,045</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 562</b>	<b>\$ (10,794)</b>

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS—JUDICIAL (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

### **Budget Basis to GAAP Basis Reconciliation**

Net Change in Fund Balance (Budgetary Basis)	\$	562
Differences Budget to GAAP:		
Expenditures not related to P Codes		(644)
Expenditures with Multi Year Bud Ref		(1,107)
Revenues not related to P Codes		904
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$</b>	<b>(285)</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS-PUBLIC SAFETY For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ 5,186	\$ 5,846	\$ 2,087	\$ (3,759)
Investment Income	-	-	7	7
Rental and Royalties	-	-	-	-
Charges for Services	538	538	377	(161)
Licenses, Fees, and Permits	2,658	2,958	5,679	2,721
Miscellaneous and Other	500	503	(12)	(515)
Operating Transfers In	5,573	5,573	6,500	927
<b>Total Revenues and Other Financing Sources</b>	<b>14,455</b>	<b>15,418</b>	<b>14,638</b>	<b>(780)</b>
Fund Balance Budgeted	7,060	2,527		
Total	21,515	17,945		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Public Safety</b>				
P503 Program Support	-	-	1,120	(1,120)
P535 Community Corrections/Vendor Run	3,808	3,808	2,689	1,119
P706 Victim Compensation Program	579	579	483	96
P707 Federal Grant Administration	5,176	5,676	5,117	559
P721 National Guard Support Program	1,153	1,153	-	1,153
Z000 Special Appropriations	10,799	6,729	2,140	4,589
<b>Total Expenditures and Other Financing Uses</b>	<b>21,515</b>	<b>17,945</b>	<b>11,549</b>	<b>6,396</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,089</b>	<b>\$ (7,176)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 3,089	
Differences Budget to GAAP:				
Expenditures not related to P Codes			(1,195)	
Expenditures with Multi Year Bud Ref			(3,289)	
Revenues not related to P Codes			13,747	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ 12,352</b>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS-REGULATION AND LICENSING

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ -	\$ -	\$ 6,217	\$ 6,217
Federal Revenue	1,051	2,284	11	(2,273)
Investment Income	11	11	3,172	3,161
Rentals and Royalties				-
Charges for Services	414	414	681	267
Licenses, Fees, and Permits	8,096	8,096	9,961	1,865
Miscellaneous and Other	6	573	3,145	2,572
Operating Transfers In	7,250	10,639	7,825	(2,814)
Assessments	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>16,828</b>	<b>22,017</b>	<b>31,012</b>	<b>8,995</b>
Fund Balance Budgeted	24,580	26,750		
Total	41,408	48,767		

### EXPENDITURES AND OTHER FINANCING USES

#### Regulation and Licensing

P528 Job Creation & Job Growth	-	2,000	18	1,982
P548 Outreach	1,026	1,079	997	82
P599 Financial Institutions and Securities	220	220	102	118
P600 Financial Institutions and Securities	1,432	1,432	1,163	269
P612 Public Safety	1,216	4,205	4,125	80
P613 Program Support	192	192	192	-
P646 Border Authority	333	333	310	23
P647 New Mexico Public Accountancy Board	523	523	479	44
P648 Board of Acupuncture and Oriental Medicine	234	234	181	53
P649 New Mexico Athletic Commission	98	103	54	49
P650 Athletic Trainer Practice Board	20	20	12	8
P651 Board of Barbers and Cosmetologists	938	985	826	159
P652 Chiropractic Board	157	157	135	22
P653 Counseling and Therapy Practice Board	457	457	355	102
P654 New Mexico Board of Dental Health Care	416	416	311	105
P655 Interior Design Board	24	25	22	3
P657 Board of Landscape Architects	32	32	27	5
P658 Massage Therapy Board	268	268	225	43
P659 Board of Nursing Home Administrators	44	46	37	9
P660 Nutrition and Dietetics Practice Board	36	36	24	12
P661 Board of Examiners for Occupational Therapy	81	81	48	33
P662 Board of Optometry	71	71	55	16
P663 Board of Osteopathic Medical Examiners	94	94	79	15
P664 Board of Pharmacy	1,855	1,855	1,573	282
P665 Physical Therapy Board	161	161	68	93
P666 Board of Podiatry	32	33	23	10
P667 Private Investigations Advisory Board	206	206	154	52
P668 New Mexico State Board of Psychologist Examiners	220	220	181	39
P669 Real Estate Appraisers Board	239	263	214	49
P670 New Mexico Real Estate Commission	903	935	833	102



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR SPECIAL REVENUE FUNDS-REGULATION AND LICENSING

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
P671 Advisory Board of Respiratory Care Practitioners	70	74	67	7
P672 Board of Social Work Examiners	\$ 379	\$ 379	\$ 311	\$ 68
P673 Speech Language Pathology, Audiology and Hearing Aid Board	166	166	124	42
P674 Board of Thanatopractice	145	145	108	37
P675 Insurance Policy	7,006	7,006	6,734	272
P677 Nursing Licensing and Certification	54	454	329	125
P758 Naprapathic Practice Board				-
P768 Animal Sheltering Services Board	106	106	64	42
P769 Signed Language Interpreting Practices Board	152	152	106	46
Z000 Special Appropriations	21,802	23,603	13,482	10,121
<b>Total Expenditures and Other Financing Uses</b>	<b>41,408</b>	<b>48,767</b>	<b>34,148</b>	<b>14,619</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,136)</b>	<b>\$ (5,624)</b>

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Balance (Budgetary Basis)	\$ (3,136)
Differences Budget to GAAP:	
Expenditures not related to P Codes	(10,868)
Expenditures with Multi Year Bud Ref	(19,277)
Revenues with Multi Year Bud Ref	24,712
GAAP Adjustments	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$ (8,569)</b>

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR DEBT SERVICE FUND COMBINING FINANCIAL STATEMENTS

### **Culture, Recreation, and Natural Resources**

This fund accounts for the resources accumulated to service the debt incurred for the activities involving culture, recreation, and natural resources. Budgetary comparison information is presented for the annual appropriation for debt service activity for the State Parks program. This is the only debt service fund that has an approved annual budget; all other debt service funds are budgeted based on a project length basis.

### **General Obligation Bonds**

This fund accounts for state property taxes collected to service the State's general obligation bonds. Proceeds from these bonds are used to fund the development, construction, and furnishing of major capital facilities used in local government operations.

### **Severance Tax Bonds**

This fund accounts for severance taxes, imposed on mineral and other natural resource production, which are accumulated to service the debt on these bonds. The bonds are issued to finance various capital projects, including school facilities.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS June 30, 2013 (In Thousands)

	Culture, Recreation, and Natural Resources	General Obligation Bonds	Severance Tax Bonds	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,439	\$ -	\$ -	\$ 2,439
Investment in State General Fund				
Investment Pool	1,025	18,720	144,729	164,474
Due From Other Funds	51	-	78,620	78,671
Receivables, Net	-	-	-	-
<b>Total Assets</b>	<u>\$ 3,515</u>	<u>\$ 18,720</u>	<u>\$ 223,349</u>	<u>\$ 245,584</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ 226	\$ 3	\$ 229
Due To Other Funds	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>226</u>	<u>3</u>	<u>229</u>
Fund balances:				
Restricted	3,515	18,494	223,346	245,355
Committed	-	-	-	-
<b>Total Fund Balances</b>	<u>3,515</u>	<u>18,494</u>	<u>223,346</u>	<u>245,355</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,515</u>	<u>\$ 18,720</u>	<u>\$ 223,349</u>	<u>\$ 245,584</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR DEBT SERVICE FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Culture, Recreation, and Natural Resources	General Obligation Bonds	Severance Tax Bonds	Total
<b>REVENUES</b>				
General and Selective Taxes	\$ 875	\$ 49,332	\$ 420,049	\$ 470,256
Other Revenues:				
Investment Income	12	597	6,760	7,369
Licenses, Fees, and Permits	182	-	12	194
<b>Total Revenues</b>	<u>1,069</u>	<u>49,929</u>	<u>426,821</u>	<u>477,819</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	3,251	61,410	115,465	180,126
Interest and Other Charges	851	15,152	34,543	50,546
<b>Total Expenditures</b>	<u>4,102</u>	<u>76,562</u>	<u>150,008</u>	<u>230,672</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(3,033)</u>	<u>(26,633)</u>	<u>276,813</u>	<u>247,147</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,414	836	2,777	6,027
Transfers Out	(1,475)	-	(279,827)	(281,302)
<b>Total Other Financing Sources (Uses)</b>	<u>939</u>	<u>836</u>	<u>(277,050)</u>	<u>(275,275)</u>
<b>Net Change in Fund Balances</b>	(2,094)	(25,797)	(237)	(28,128)
<b>Fund Balances - Beginning, as Restated</b>	5,609	44,291	223,583	273,483
<b>Fund Balances - Ending</b>	<u>\$ 3,515</u>	<u>\$ 18,494</u>	<u>\$ 223,346</u>	<u>\$ 245,355</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION

### BUDGETARY COMPARISON SCHEDULE

#### NONMAJOR DEBT SERVICE FUNDS – CULTURE, RECREATION, AND NATURAL RESOURCES

June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ -	\$ 170	\$ 875	\$ 705
Investment Income			12	12
Licenses, Fees, and Permits			182	182
Operating Transfers In	2,423	2,423	2,414	(9)
<b>Total Revenues and Other Financing Sources</b>	<b>2,423</b>	<b>2,593</b>	<b>3,483</b>	<b>890</b>
Fund Balance Budgeted	1,475	2,475		
Total	3,898	5,068		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
P742 State Parks	3,898	5,068	4,102	966
Z000 Special Appropriations	-	-	1,475	(1,475)
<b>Total Expenditures and Other Financing Uses</b>	<b>3,898</b>	<b>5,068</b>	<b>5,577</b>	<b>(509)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,094)</b>	<b>\$ 1,399</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ (2,094)	
Differences Budget to GAAP:				
GAAP Adjustments				
Multiple Year Expenditures				
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<b>\$ (2,094)</b>	

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR CAPITAL PROJECTS FUND COMBINING FINANCIAL STATEMENTS

### **Culture, Recreation, and Natural Resources**

These funds account for resources to be used for the acquisition or construction of capital facilities used in culture, recreation, and natural resource programs. Budgetary comparison information is presented for the annual appropriation for capital project activity for the State Parks program. This fund and the Judicial are the only capital projects funds that have an approved annual budget; all others are budgeted based on a project length basis.

### **General Control**

These funds account for resources to be used for the acquisition or construction of capital facilities used in governmental operational activities.

### **Judicial**

These funds account for resources to be used for the acquisition or construction of capital facilities used in the judicial programs of the State.

### **Public Safety**

These funds account for resources to be used for the acquisition or construction of capital facilities used in public safety programs.

### **Regulation and Licensing**

These funds account for resources to be used for the acquisition or construction of capital facilities used in regulation and licensing activities of the State.

### **Severance Tax Appropriated**

These funds account for appropriated severance tax bond proceeds to be used for the acquisition or construction of capital facilities used in state and local government.

### **State General Fund Appropriated**

These funds account for appropriated State General Fund proceeds to be used for the acquisition or construction of capital facilities used in state and local government.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS

June 30, 2013  
(In Thousands)

	Culture, Recreation, and Natural Resources	General Control	Judicial	Public Safety
<b>ASSETS</b>				
Investment in State General Fund				
Investment Pool	\$ 16,828	\$ 22,123	\$ 1,365	\$ 1,194
Deferred Charges and Other Assets	-	-	-	-
Due From Other Funds	1,276	2,184	-	742
Receivables, Net	789	-	-	342
<b>Total Assets</b>	<u>\$ 18,893</u>	<u>\$ 24,307</u>	<u>\$ 1,365</u>	<u>\$ 2,278</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 1,129	\$ 4,124	\$ 27	\$ 594
Accrued Liabilities	18	-	-	2
Due To Other Funds	131	252	-	1,581
Unearned Revenue	-	67	-	52
<b>Total Liabilities</b>	<u>1,278</u>	<u>4,443</u>	<u>27</u>	<u>2,229</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	17,615	19,864	1,338	49
Committed	-	-	-	-
Unassigned (Deficit)	-	-	-	-
<b>Total Fund Balances</b>	<u>17,615</u>	<u>19,864</u>	<u>1,338</u>	<u>49</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 18,893</u>	<u>\$ 24,307</u>	<u>\$ 1,365</u>	<u>\$ 2,278</u>

<u>Regulation and Licensing</u>	<u>Severance Tax Bonds Appropriated</u>	<u>State General Fund Appropriated</u>	<u>Total</u>
\$ 9	\$ 8,825	\$ 1,618	\$ 51,962
-	-	-	-
28	35,533	145	39,908
-	-	-	1,131
<u>\$ 37</u>	<u>\$ 44,358</u>	<u>\$ 1,763</u>	<u>\$ 93,001</u>
\$ 14	\$ 31,150	\$ 541	\$ 37,579
-	-	-	20
27	3,120	156	5,267
-	482	-	601
<u>41</u>	<u>34,752</u>	<u>697</u>	<u>43,467</u>
-	-	-	-
(4)	9,606	1,066	49,534
-	-	-	-
-	-	-	-
<u>(4)</u>	<u>9,606</u>	<u>1,066</u>	<u>49,534</u>
<u>\$ 37</u>	<u>\$ 44,358</u>	<u>\$ 1,763</u>	<u>\$ 93,001</u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR CAPITAL PROJECT FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Culture, Recreation, and Natural Resources	General Control	Judicial	Public Safety
<b>REVENUES</b>				
General and Selective Taxes	\$ 5,165	\$ -	\$ -	\$ -
Other Revenues:				
Federal Revenue	502	297	-	10,641
Investment Income	-	50	-	-
Rentals and Royalties	-	377	-	-
Assessments	-	-	-	-
Miscellaneous and Other	335	5	-	-
<b>Total Revenues</b>	<u>6,002</u>	<u>729</u>	<u>-</u>	<u>10,641</u>
<b>EXPENDITURES</b>				
Current:				
Culture, Recreation, and Natural Resources	5,710	-	-	-
Education	-	-	-	-
General Control	-	4,568	-	-
Health and Human Services	-	-	-	-
Highway and Transportation	-	-	-	-
Judicial	-	-	27	-
Public Safety	-	-	-	376
Regulation and Licensing	-	-	-	-
Capital Outlay	1,283	14,187	-	11,209
<b>Total Expenditures</b>	<u>6,993</u>	<u>18,755</u>	<u>27</u>	<u>11,585</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(991)</u>	<u>(18,026)</u>	<u>(27)</u>	<u>(944)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	14,865	14,729	1,365	908
Transfers Out	(2,676)	(1,033)	-	(16)
<b>Total Other Financing Sources (Uses)</b>	<u>12,189</u>	<u>13,696</u>	<u>1,365</u>	<u>892</u>
<b>SPECIAL ITEM</b>				
Indian Water Rights Settlement Payment	-	-	-	-
<b>Net Change in Fund Balances</b>	11,198	(4,330)	1,338	(52)
<b>Fund Balances - Beginning, as restated</b>	6,417	24,194	-	101
<b>Fund Balances - Ending</b>	<u>\$ 17,615</u>	<u>\$ 19,864</u>	<u>\$ 1,338</u>	<u>\$ 49</u>

Regulation and Licensing	Severance Tax Bonds Appropriated	State General Fund Appropriated	Total
\$ -	\$ -	\$ -	\$ 5,165
-	-	-	11,440
-	-	-	50
-	-	-	377
-	-	-	-
-	-	-	340
<u>-</u>	<u>-</u>	<u>-</u>	<u>17,372</u>
-	5,078	316	11,104
-	23,981	228	24,209
-	10,920	620	16,108
-	11,419	755	12,174
-	772	39	811
-	-	-	27
-	238	-	614
219	3,836	-	4,055
-	47,749	526	74,954
<u>219</u>	<u>103,993</u>	<u>2,484</u>	<u>144,056</u>
<u>(219)</u>	<u>(103,993)</u>	<u>(2,484)</u>	<u>(126,684)</u>
575	109,186	132	141,760
(5)	(5,009)	(155)	(8,894)
<u>570</u>	<u>104,177</u>	<u>(23)</u>	<u>132,866</u>
-	(5,000)	-	(5,000)
351	(4,816)	(2,507)	1,182
(355)	14,422	3,573	48,352
<u>\$ (4)</u>	<u>\$ 9,606</u>	<u>\$ 1,066</u>	<u>\$ 49,534</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION

### BUDGETARY COMPARISON SCHEDULE

#### NONMAJOR CAPITAL PROJECT FUNDS – CULTURE, RECREATION, AND NATURAL RESOURCES

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 4,200	\$ 4,200	\$ 5,165	\$ 965
Federal Revenue			502	502
Assessments				-
Miscellaneous and Other			335	335
Operating Transfers In			14,865	14,865
<b>Total Revenues and Other Financing Sources</b>	<u>4,200</u>	<u>4,200</u>	<u>20,867</u>	<u>16,667</u>
Fund Balance Budgeted	<u>1,330</u>	<u>1,330</u>		
Total	<u>5,530</u>	<u>5,530</u>		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
P742 State Parks	<u>5,530</u>	<u>5,530</u>	<u>5,552</u>	<u>(22)</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>5,530</u>	<u>5,530</u>	<u>5,552</u>	<u>(22)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,315</u>	<u>\$ 16,689</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ 15,315	
Differences Budget to GAAP:				
GAAP Adjustments				
Expenditures not related to P Codes			<u>(4,117)</u>	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<u>\$ 11,198</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE NONMAJOR CAPITAL PROJECT FUNDS – JUDICIAL For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Operating transfers In	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues and Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Judicial</b>				
Z000 Administrative Office of the Courts	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Balance (Budgetary Basis)			\$ -	
Revenues with Multi Year Bud Ref			1,365	
Expenditures with Multi Year Bud Ref			<u>(27)</u>	
<b>Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances</b>			<u>\$ 1,338</u>	

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR PROPRIETARY FUNDS COMBINING FINANCIAL STATEMENTS

### **Enterprise Funds**

Enterprise funds report the activities for which fees are charged to external users for goods and services. Enterprise Funds are presented beginning on page 236.

### **Internal Service Funds**

Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public. Internal Service Funds are presented beginning on page 256.

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR ENTERPRISE FUNDS COMBINING FINANCIAL STATEMENTS

**Industries for the Blind** – The New Mexico Commission for the Blind’s mission is to encourage and enable the State’s blind citizens to achieve vocational, economic, and social equality. This proprietary fund is used to provide career training and other assistance for New Mexico’s blind citizens and entails the operations of the Albuquerque Training Center.

**Corrections Industries Revolving Fund** – This fund is used to account for certain activities of the Corrections Industries Division of the Department of Corrections. These activities include the manufacture of furniture and textiles, production of agricultural crops, and data entry services.

**Environment Department** – This fund is used to account for revolving loans for wastewater and drinking water facilities.

**New Mexico Magazine** – New Mexico Magazine is a program of the Department of Tourism. The fund accounts for the publishing and distribution of the monthly New Mexico Magazine.

**New Mexico Public Schools Insurance Authority (NMPSIA)** – NMPSIA is a self-insurance pool that provides various benefits and risk coverage to participating public schools, school board members and public school employees, plus retired board members and employees. Coverage provided includes property, casualty, workers’ compensation, health, life, and disability.

**State Infrastructure Bank** – The State Infrastructure Bank is a proprietary fund administered by the Department of Transportation. The fund is used to account for loans made for road projects.

**Miners’ Colfax Medical Center** – Miners’ Colfax Medical Center is a State owned medical facility in Raton, New Mexico. The current organization is a result of a merger between the Miners’ Hospital and Northern Colfax County Hospital. Miners’ Colfax operates a 33-bed acute care hospital; a 49 bed extended care facility and various outpatient clinics in Raton, New Mexico. Miners’ Colfax has programs that serve both miners and nonminers.

**Unemployment Insurance Fund** – The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This fund does not account for other than unemployment compensation (i.e., workers’ compensation, employment security labor market statistics, administration of the employment compensation program, etc.)

**State Fair Commission** – This fund administers the operations of the annual New Mexico State Fair and the use of the Fairgrounds facilities during the year.



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

June 30, 2013  
(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 245	\$ 2	\$ -	\$ -	\$ 70,988
Investment in the State General Fund					
Investment Pool	-	2,740	120,461	1,434	548
Investment in the Local Government					
Investment Pool	-	-	-	-	17,064
Deferred Charges and Other Assets	-	1	-	116	257
Due From Other Funds	-	1,125	202	-	-
Receivables, Net	403	357	12,494	104	171
Investments	-	-	-	-	-
Inventories	-	874	-	127	-
<b>Total Current Assets</b>	<b>648</b>	<b>5,099</b>	<b>133,157</b>	<b>1,781</b>	<b>89,028</b>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	-	-	-	-
Loans Receivable	-	-	167,658	-	-
Investments	-	-	-	-	25,474
Nondepreciable Capital Assets	-	-	-	-	-
Capital Assets, Net	34	221	-	-	359
<b>Total Noncurrent Assets</b>	<b>34</b>	<b>221</b>	<b>167,658</b>	<b>-</b>	<b>25,833</b>
<b>Total Assets</b>	<b>682</b>	<b>5,320</b>	<b>300,815</b>	<b>1,781</b>	<b>114,861</b>

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State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Total
\$ -	\$ 96	\$ 67,789	\$ 1,153	\$ 140,273
20,937	4,090	-	-	150,210
-	-	-	-	17,064
-	-	-	-	374
2	-	-	-	1,329
-	4,009	70,442	349	88,329
-	85	-	-	85
-	462	-	-	1,463
<u>20,939</u>	<u>8,742</u>	<u>138,231</u>	<u>1,502</u>	<u>399,127</u>
-	2,200	-	1,789	3,989
-	-	-	-	167,658
-	1,010	-	-	26,484
-	1,157	-	819	1,976
-	28,095	-	47,557	76,266
-	32,462	-	50,165	276,373
<u>20,939</u>	<u>41,204</u>	<u>138,231</u>	<u>51,667</u>	<u>675,500</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013  
(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ -	\$ 382	\$ 315	\$ 144	\$ 1,226
Accrued Liabilities	356	16	1	43	59
Unearned Revenue	-	10	1,400	15	89
Due to Other Funds	-	-	20	44	-
Funds Held for Others	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Liabilities	-	45	-	1,039	25,738
<b>Total Current Liabilities</b>	<u>356</u>	<u>453</u>	<u>1,736</u>	<u>1,285</u>	<u>27,112</u>
Noncurrent Liabilities:					
Bonds Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	42,983
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,983</u>
<b>Total Liabilities</b>	<u>356</u>	<u>453</u>	<u>1,736</u>	<u>1,285</u>	<u>70,095</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	34	221	-	-	359
Restricted for:					
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Unemployment and Insurance	-	-	-	-	-
Loans	-	-	-	-	-
Other Purposes	292	4,646	299,079	496	43,941
Unrestricted (Deficit)	-	-	-	-	466
<b>Total Net Position</b>	<u>\$ 326</u>	<u>\$ 4,867</u>	<u>\$ 299,079</u>	<u>\$ 496</u>	<u>\$ 44,766</u>

State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Total
\$ -	\$ 720	\$ -	\$ 2,497	\$ 5,284
-	377	7,452	104	8,408
-	-	4,994	121	6,629
212	-	7,414	-	7,690
-	-	-	133	133
-	835	-	651	1,486
-	349	213	133	27,517
<u>212</u>	<u>2,281</u>	<u>20,073</u>	<u>3,639</u>	<u>57,147</u>
-	13,810	-	677	14,487
-	38	-	-	43,021
-	<u>13,848</u>	-	<u>677</u>	<u>57,508</u>
<u>212</u>	<u>16,129</u>	<u>20,073</u>	<u>4,316</u>	<u>114,655</u>
-	16,429	-	47,049	64,092
-	-	-	1,327	1,327
-	1,388	-	1,232	2,620
-	-	118,158	-	118,158
-	-	-	-	-
20,727	-	-	557	369,738
-	7,258	-	(2,814)	4,910
<u>\$ 20,727</u>	<u>\$ 25,075</u>	<u>\$ 118,158</u>	<u>\$ 47,351</u>	<u>\$ 560,845</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2013 (In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 3,205	\$ 3,979	\$ -	\$ 3,065	\$ 317,783
Unemployment Insurance	-	-	-	-	-
Federal Revenue	-	-	-	-	-
Loan and Other Income	-	-	4,041	-	-
Other Operating Revenues	229	-	382	18	3,766
<b>Total Operating Revenues</b>	<b>3,434</b>	<b>3,979</b>	<b>4,423</b>	<b>3,083</b>	<b>321,549</b>
<b>OPERATING EXPENSES</b>					
Benefits, Claims, and Premiums	-	-	-	-	44,834
General and Administrative Expenses	99	-	673	762	1,235
Insurance Losses	-	-	-	-	268,295
Depreciation Expense	17	40	-	-	21
Other Operating Expenses	3,335	3,471	-	2,152	17,398
<b>Total Operating Expenses</b>	<b>3,451</b>	<b>3,511</b>	<b>673</b>	<b>2,914</b>	<b>331,783</b>
<b>Operating Income (Loss)</b>	<b>(17)</b>	<b>468</b>	<b>3,750</b>	<b>169</b>	<b>(10,234)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and Investment Income	-	7	-	-	5,853
Interest and Other Expenses on Capital	-	-	-	-	-
Asset-related Debt	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-
Other Revenue (Expenses)	5	16	7,418	-	59
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5</b>	<b>23</b>	<b>7,418</b>	<b>-</b>	<b>5,912</b>
<b>Income (Loss) Before Transfers</b>	<b>(12)</b>	<b>491</b>	<b>11,168</b>	<b>169</b>	<b>(4,322)</b>
<b>TRANSFERS</b>					
Transfers In	-	3	2,844	-	-
Transfers Out	(9)	-	-	-	-
<b>Total Transfers</b>	<b>(9)</b>	<b>3</b>	<b>2,844</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(21)</b>	<b>494</b>	<b>14,012</b>	<b>169</b>	<b>(4,322)</b>
<b>Net Position - Beginning</b>	<b>347</b>	<b>4,373</b>	<b>285,067</b>	<b>327</b>	<b>49,088</b>
<b>Net Position - Ending</b>	<b>\$ 326</b>	<b>\$ 4,867</b>	<b>\$ 299,079</b>	<b>\$ 496</b>	<b>\$ 44,766</b>

State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Total
\$ -	\$ 18,604	\$ -	\$ 12,142	\$ 358,778
-	-	216,613	-	216,613
-	324	-	-	324
66	-	-	-	4,107
-	3,180	6,444	-	14,019
<u>66</u>	<u>22,108</u>	<u>223,057</u>	<u>12,142</u>	<u>593,841</u>
-	-	356,558	-	401,392
-	12,358	-	7,002	22,129
-	-	-	-	268,295
-	1,822	-	2,840	4,740
-	9,049	-	4,771	40,176
<u>-</u>	<u>23,229</u>	<u>356,558</u>	<u>14,613</u>	<u>736,732</u>
<u>66</u>	<u>(1,121)</u>	<u>(133,501)</u>	<u>(2,471)</u>	<u>(142,891)</u>
-	3	-	2	5,865
-	-	-	(58)	(58)
-	-	-	-	-
<u>-</u>	<u>5</u>	<u>124,332</u>	<u>-</u>	<u>131,835</u>
<u>-</u>	<u>8</u>	<u>124,332</u>	<u>(56)</u>	<u>137,642</u>
<u>66</u>	<u>(1,113)</u>	<u>(9,169)</u>	<u>(2,527)</u>	<u>(5,249)</u>
-	-	-	1,070	3,917
-	-	-	-	(9)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070</u>	<u>3,908</u>
66	(1,113)	(9,169)	(1,457)	(1,341)
20,661	26,188	127,327	48,808	562,186
<u>\$ 20,727</u>	<u>\$ 25,075</u>	<u>\$ 118,158</u>	<u>\$ 47,351</u>	<u>\$ 560,845</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from:					
Fees for Service	\$ -	\$ -	\$ -	\$ -	\$ 318,424
Sale of Products	3,290	2,820	-	3,060	-
Loan and Note Repayments	-	-	16,247	-	-
Unemployment Insurance	-	-	-	-	-
Other Sources	-	-	640	-	3,766
Cash Payments to or for:					
Suppliers	(3,184)	(2,103)	(854)	(2,252)	(45,456)
Employees	(120)	(944)	-	(761)	-
Unemployment Benefits	-	-	-	-	-
Loans, Loan Losses, Insurance Losses	-	-	(12,155)	-	(268,296)
Other Payments	-	-	-	-	(18,851)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(14)</b>	<b>(227)</b>	<b>3,878</b>	<b>47</b>	<b>(10,413)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	-	-	-	-	-
Transfers Out	(9)	-	-	-	-
Gifts for Other Than Capital Purposes	-	-	-	-	58
Intergovernmental Receipts	6	-	-	-	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(7)	(53)	-	-	-
Capital Gifts, Grants, and Contracts	-	-	7,457	-	-
Capital Debt Service Payments - Principal	-	-	-	-	-
Capital Debt Service Payments - Interest	-	-	-	-	-
Capital Contributions and Debt Proceeds	-	-	4,244	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(7)</b>	<b>(53)</b>	<b>11,701</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of Interest and Dividends of Investments	-	7	-	-	202
Purchase of Investments	-	-	-	-	-
Receipts of Rent	-	2	-	-	-
Proceeds from Sale and Maturity of Investments	-	-	-	-	18,300
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>18,502</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(24)</b>	<b>(271)</b>	<b>15,579</b>	<b>47</b>	<b>8,147</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>269</b>	<b>3,013</b>	<b>104,882</b>	<b>1,387</b>	<b>80,453</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 245</b>	<b>\$ 2,742</b>	<b>\$ 120,461</b>	<b>\$ 1,434</b>	<b>\$ 88,600</b>
<b>Cash and Cash Equivalents</b>					
Unrestricted	\$ 245	2	-	-	70,988
Restricted	-	-	-	-	-
Investment in the State General Fund Investment Pool	-	2,740	120,461	1,434	548
Investment in the Local Government Investment Pool	-	-	-	-	17,064
<b>Total Cash and Cash Equivalents</b>	<b>\$ 245</b>	<b>\$ 2,742</b>	<b>\$ 120,461</b>	<b>\$ 1,434</b>	<b>\$ 88,600</b>

State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Total
\$ -	\$ 21,111	\$ -	\$ 11,896	\$ 351,431
-	-	-	-	9,170
738	-	-	-	16,985
-	-	218,787	-	218,787
-	-	1,898	-	6,304
-	(9,627)	-	(6,591)	(70,067)
-	(12,415)	-	(4,994)	(19,234)
-	-	(359,491)	-	(359,491)
-	-	-	-	(280,451)
-	-	-	-	(18,851)
<u>738</u>	<u>(931)</u>	<u>(138,806)</u>	<u>311</u>	<u>(145,417)</u>
-	-	-	-	-
-	-	(7,623)	-	(7,632)
-	-	-	-	58
-	-	126,337	-	126,343
-	-	118,714	-	118,769
-	(1,459)	-	(484)	(2,003)
-	-	-	1,070	8,527
-	-	-	(628)	(628)
-	-	-	(71)	(71)
-	2,078	-	-	6,322
-	-	-	-	-
-	619	-	(113)	12,147
-	-	-	2	211
-	(1)	-	-	(1)
-	-	-	-	2
-	329	-	-	18,629
-	328	-	2	18,841
738	16	(20,092)	200	4,340
20,199	6,370	87,881	2,742	307,196
<u>\$ 20,937</u>	<u>\$ 6,386</u>	<u>\$ 67,789</u>	<u>\$ 2,942</u>	<u>\$ 311,536</u>
-	96	\$ 67,789	\$ 1,153	\$ 140,273
-	2,200	-	1,789	3,989
20,937	4,090	-	-	150,210
-	-	-	-	17,064
<u>\$ 20,937</u>	<u>\$ 6,386</u>	<u>\$ 67,789</u>	<u>\$ 2,942</u>	<u>\$ 311,536</u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (17)	\$ 468	\$ 3,750	\$ 169	\$ (10,234)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	17	40	-	-	21
Bad Debt Expense	-	-	-	-	-
Reserve for Losses	-	-	-	-	(1)
Net Changes in Assets and Liabilities Related to Operating Activities:					
Receivables/Due From Other Funds	(143)	(1,159)	151	30	628
Notes/Loans	-	-	-	-	-
Inventories	-	171	-	(35)	-
Prepaid Items/Deferred Charges	-	-	-	(75)	-
Accounts Payable/Accrued Liabilities/Due To Other Funds	129	253	(23)	84	(839)
Unearned Revenue	-	-	-	(126)	12
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (14)</u>	<u>\$ (227)</u>	<u>\$ 3,878</u>	<u>\$ 47</u>	<u>\$ (10,413)</u>

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<u>State Infrastructure Bank</u>	<u>Miners' Colfax Medical Center</u>	<u>Unemployment Insurance Fund</u>	<u>State Fair Commission</u>	<u>Total</u>
\$ 66	\$ (1,121)	\$ (133,501)	\$ (2,471)	\$ (142,891)
-	1,822	-	2,840	4,740
-	1,990	-	-	1,990
-	-	-	-	(1)
2	(3,393)	(2,372)	(249)	(6,505)
670	-	-	-	670
-	13	-	-	149
-	-	-	56	(19)
-	(242)	(2,933)	182	(3,389)
-	-	-	(47)	(161)
<u>\$ 738</u>	<u>\$ (931)</u>	<u>\$ (138,806)</u>	<u>\$ 311</u>	<u>\$ (145,417)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – INDUSTRIES FOR THE BLIND

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Charges for Services	\$ 337	\$ 337	\$ 3,439	\$ 3,102
Operating Transfers In	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<u>337</u>	<u>337</u>	<u>3,439</u>	<u>3,102</u>
<b>EXPENSES</b>				
<b>Industries for the Blind</b>				
P695 Commission for the Blind	337	337	3,451	(3,114)
<b>Total Expenses</b>	<u>337</u>	<u>337</u>	<u>3,451</u>	<u>(3,114)</u>
<b>Net Change in Fund Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ 6,216</u>

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Net Position (Budgetary Basis)	\$ (12)
Differences Budget to GAAP:	
GAAP Adjustments	
Operating Transfer out	(9)
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>	<u>\$ (21)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – CORRECTIONS INDUSTRIES REVOLVING FUND

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Investment Income	\$ 4	\$ 4	\$ 7	\$ 3
Charges of Services	3,850	3,850	3,979	129
Miscellaneous and Other	119	119	19	(100)
<b>Total Revenues and Other Financing Sources</b>	<b>3,973</b>	<b>3,973</b>	<b>4,005</b>	<b>32</b>
<b>EXPENSES</b>				
<b>Corrections Industries Revolving Fund</b>				
P533 Corrections Industries	3,973	3,973	3,511	462
<b>Total Expenses</b>	<b>3,973</b>	<b>3,973</b>	<b>3,511</b>	<b>462</b>
<b>Net Change in Fund Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 494</b>	<b>\$ (430)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 494	
Differences Budget to GAAP:				
GAAP Adjustments			-	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>			<b>\$ 494</b>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – ENVIRONMENT DEPARTMENT

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
Investment Income (Loss)	-	-	4,041	4,041
Rentals and Royalties	-	-	-	-
Licenses and Fees	837	837	382	(455)
Miscellaneous and Other	-	-	7,418	7,418
Operating Transfers In	-	-	2,844	2,844
<b>Total Revenues and Other Financing Sources</b>	<u>837</u>	<u>837</u>	<u>14,685</u>	<u>13,848</u>
Cash balance carryforward	130	5,123		
Total	<u>967</u>	<u>5,960</u>		
<b>EXPENSES</b>				
<b>Environment Department</b>				
Z000 Special Appropriations	967	5,960	673	5,287
<b>Total Expenses</b>	<u>967</u>	<u>5,960</u>	<u>673</u>	<u>5,287</u>
<b>Net Change in Fund Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,012</u>	<u>\$ 8,561</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 14,012	
Differences Budget to GAAP:				
GAAP Adjustments			-	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>			<u>\$ 14,012</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – NEW MEXICO MAGAZINE

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Charges of Services	\$ 30	\$ 30	\$ 3,064	\$ 3,034
Miscellaneous and Other	3,405	3,405	19	(3,386)
Transfers In				-
<b>Total Revenues and Other Financing Sources</b>	<u>3,435</u>	<u>3,435</u>	<u>3,083</u>	<u>(352)</u>
<b>EXPENSES</b>				
<b>New Mexico Magazine</b>				
P546 New Mexico Magazine	3,405	3,405	2,897	508
P549 Marketing and Promotion	30	30	17	13
<b>Total Expenses</b>	<u>3,435</u>	<u>3,435</u>	<u>2,914</u>	<u>521</u>
<b>Net Change in Fund Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ (873)</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 169	
Differences Budget to GAAP:				
GAAP Adjustments				
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>			<u>\$ 169</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Investment Income	\$ 117	\$ 117	\$ 5,853	\$ 5,736
Assessments	338,075	338,075	317,783	(20,292)
Miscellaneous and Other	2,709	2,709	3,825	1,116
Operating Transfers In	1,273	1,273		(1,273)
<b>Total Revenues and Other Financing Sources</b>	<b>342,174</b>	<b>342,174</b>	<b>327,461</b>	<b>(14,713)</b>
Cash balance carryforward	9,256	9,256		
Total	<u>351,430</u>	<u>351,430</u>		
<b>EXPENSES</b>				
<b>Public Schools Insurance Authority</b>				
P630 Benefits	285,522	285,522	268,295	17,227
P631 Risk	64,626	64,626	62,232	2,394
P632 Program Support	1,282	1,282	1,256	26
<b>Total Expenses</b>	<b>351,430</b>	<b>351,430</b>	<b>331,783</b>	<b>19,647</b>
<b>Net Change in Fund Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,322)</b>	<b>\$ (34,360)</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ (4,322)	
Differences Budget to GAAP			-	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>			<b>\$ (4,322)</b>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – STATE INFRASTRUCTURE BANK

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
Investment Income (Loss)	-	-	66	66
Rentals and Royalties	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous and Other	-	-	-	-
Operating Transfers In	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>66</b>
<b>EXPENSES</b>				
<b>State Infrastructure Bank</b>				
Z000 State Infrastructure Bank	-	-	-	-
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66</b>	<b>\$ 66</b>

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Net Position (Budgetary Basis) \$ 66

Differences Budget to GAAP:

GAAP Adjustments

**Total Change in Net Position as Reported on the Statement of  
Revenues, Expenses, and Changes in Fund Net Position** \$ 66



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – MINERS’ COLFAX MEDICAL CENTER For the Year Ended June 30, 2013 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$ 322	\$ 322	\$ 324	\$ 2
Investment Income (Loss)	712	712	2,961	2,249
Rentals and Royalties	4,168	4,168	-	(4,168)
Charges for Services	18,031	18,031	17,606	(425)
Miscellaneous and Other	116	116	225	109
Operating Transfers In	5,863	5,863	-	(5,863)
<b>Total Revenues and Other Financing Sources</b>	<b>29,212</b>	<b>29,212</b>	<b>21,116</b>	<b>(8,096)</b>
<b>EXPENSES</b>				
<b>Miners' Colfax Medical Center</b>				
P723 MCMC Health Care/Acute Care	26,175	26,175	14,365	11,810
P724 MCMC Health Care/Long Term Care	2,680	2,680	2,537	143
P725 MCMC Black Lung Clinic	357	357	287	70
Z000 Special Appropriations	-	-	4,623	(4,623)
<b>Total Expenses</b>	<b>29,212</b>	<b>29,212</b>	<b>21,812</b>	<b>7,400</b>
<b>Net Change in Fund Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (696)</b>	<b>\$ (15,496)</b>

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Net Position (Budgetary Basis)	\$ (696)
Revenues with Multi Year Bud Ref	1,000
Expenditures with Multi Year Bud Ref	(1,000)
Expenditures not related to P Codes	(417)
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>	<b>\$ (1,113)</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR ENTERPRISE FUNDS – STATE FAIR COMMISSION

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Federal Revenue	\$	\$	\$	\$ -
Investment Income (Loss)	1	1	2	1
Rentals and Royalties	6,200	6,100	7,340	1,240
Charges for Services	5,169	4,619	4,781	162
Miscellaneous and Other			21	21
Operating Transfers In	695	695	1,070	375
<b>Total Revenues and Other Financing Sources</b>	<b>12,065</b>	<b>11,415</b>	<b>13,214</b>	<b>1,799</b>
<b>EXPENSES</b>				
<b>State Fair Commission</b>				
P678 Nm State Fair Commission	12,065	11,415	11,076	339
<b>Total Expenses</b>	<b>12,065</b>	<b>11,415</b>	<b>11,076</b>	<b>339</b>
<b>Net Change in Fund Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,138</b>	<b>\$ 1,460</b>

### Budget Basis to GAAP Basis Reconciliation

Net Change in FundNet Position (Budgetary Basis)	\$ 2,138
Differences Budget to GAAP:	
GAAP Adjustments	(3,595)
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position</b>	<b>\$ (1,457)</b>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

**Fleet Operations** – This fund accounts for the operations of the Transportation Motor Pool and the State Aircraft Pool, which provide ground and air transportation services to all state agencies on a fee basis.

**Risk Management** – This fund provides insurance coverage for all state agencies. Areas covered include public liability, workers compensation, group health and life, unemployment compensation, surety bond, and property insurance. Agencies are charged a premium based on several factors, including history and number of employees.

**Printing and Records** – This fund accounts for the provision of printing services of all kinds to state agencies according to an approved fee schedule. The fund also includes services for the retention and storage of public records for all state agencies, which pay an assessment based on size and usage.

**Communications Services** – This fund provides voice and data telecommunications services to all state agencies, which are assessed an annual fee based on size and prior usage.

**Information Processing** – This fund provides automated data processing services for all state agencies, which are assessed an annual fee based on size and prior usage.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2013  
(In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing
<b>ASSETS</b>					
Current Assets:					
Investment in the State General Fund					
Investment Pool	\$ 5,634	\$ 80,715	\$ 515	\$ 7,990	\$ 17,127
Due From Other Funds	16	1,217	4	415	20,388
Receivables, Net	761	7	181	12,164	129
Inventories and Other Assets	-	-	303	-	-
<b>Total Current Assets</b>	<u>6,411</u>	<u>81,939</u>	<u>1,003</u>	<u>20,569</u>	<u>37,644</u>
Noncurrent Assets:					
Capital Assets, Net	3,985	-	282	28,423	13,196
<b>Total Noncurrent Assets</b>	<u>3,985</u>	<u>-</u>	<u>282</u>	<u>28,423</u>	<u>13,196</u>
<b>Total Assets</b>	<u>10,396</u>	<u>81,939</u>	<u>1,285</u>	<u>48,992</u>	<u>50,840</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	322	19,232	216	2,521	1,725
Accrued Liabilities	26	59	79	196	86
Due to Other Funds	2	2,709	84	17,011	4,167
Other Liabilities	73	106,224	177	96	132
<b>Total Current Liabilities</b>	<u>423</u>	<u>128,224</u>	<u>556</u>	<u>19,824</u>	<u>6,110</u>
Noncurrent Liabilities:					
Other Liabilities	5	106,581	4	437	-
<b>Total Noncurrent Liabilities</b>	<u>5</u>	<u>106,581</u>	<u>4</u>	<u>437</u>	<u>-</u>
<b>Total Liabilities</b>	<u>428</u>	<u>234,805</u>	<u>560</u>	<u>20,261</u>	<u>6,110</u>
<b>NET POSITION</b>					
Invested in Capital Assets, Net of					
Related Debt	3,985	-	282	28,423	13,196
Restricted for:					
Unemployment and Insurance		212,675		-	
Other Purposes	-			434	32,966
Unrestricted (Deficit)	5,983	(365,541)	443	(126)	(1,432)
<b>Total Net Position</b>	<u>\$ 9,968</u>	<u>\$ (152,866)</u>	<u>\$ 725</u>	<u>\$ 28,731</u>	<u>\$ 44,730</u>

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<u>Total</u>	
\$	111,981
	22,040
	13,242
	303
	<u>147,566</u>
	45,886
	<u>45,886</u>
	<u>193,452</u>
	24,016
	446
	23,973
	<u>106,702</u>
	<u>155,137</u>
	107,027
	<u>107,027</u>
	<u>262,164</u>
	45,886
	212,675
	33,400
	<u>(360,673)</u>
\$	<u><u>(68,712)</u></u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### NONMAJOR INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 4,420	\$ 457,709	\$ 2,380	\$ 44,779	\$ 7,892
Other Operating Revenues	187	211	4	891	16
<b>Total Operating Revenues</b>	<u>4,607</u>	<u>457,920</u>	<u>2,384</u>	<u>45,670</u>	<u>7,908</u>
<b>OPERATING EXPENSES</b>					
General and Administrative Expenses	1,788	3,175	3,580	9,385	4,292
Depreciation Expense	1,610	-	76	10,213	3,609
Other Operating Expenses	4,316	423,203	1,838	30,100	2,558
<b>Total Operating Expenses</b>	<u>7,714</u>	<u>426,378</u>	<u>5,494</u>	<u>49,698</u>	<u>10,459</u>
<b>Operating Income (Loss)</b>	<u>(3,107)</u>	<u>31,542</u>	<u>(3,110)</u>	<u>(4,028)</u>	<u>(2,551)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and Investment Income		-	-	-	29
Gain (Loss) on Sale of Capital Assets	44	-	-	(968)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>44</u>	<u>-</u>	<u>-</u>	<u>(968)</u>	<u>29</u>
<b>Income (Loss) Before Transfers</b>	<u>(3,063)</u>	<u>31,542</u>	<u>(3,110)</u>	<u>(4,996)</u>	<u>(2,522)</u>
<b>TRANSFERS</b>					
Transfers In	200	13,740	3,364	8,835	18,162
Transfers Out	(320)	(7,278)	(91)	(13,123)	(10,418)
<b>Total Transfers</b>	<u>(120)</u>	<u>6,462</u>	<u>3,273</u>	<u>(4,288)</u>	<u>7,744</u>
<b>Change in Net Position</b>	<u>(3,183)</u>	<u>38,004</u>	<u>163</u>	<u>(9,284)</u>	<u>5,222</u>
<b>Net Position - Beginning</b>	<u>13,151</u>	<u>(190,870)</u>	<u>562</u>	<u>38,015</u>	<u>39,508</u>
<b>Net Position - Ending</b>	<u>\$ 9,968</u>	<u>\$ (152,866)</u>	<u>\$ 725</u>	<u>\$ 28,731</u>	<u>\$ 44,730</u>

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	<u>Total</u>
\$	517,180
	<u>1,309</u>
	<u>518,489</u>
	22,220
	15,508
	<u>462,015</u>
	<u>499,743</u>
	<u>18,746</u>
	29
	<u>(924)</u>
	<u>(895)</u>
	<u>17,851</u>
	44,301
	<u>(31,230)</u>
	<u>13,071</u>
	30,922
	<u>(99,634)</u>
\$	<u><u>(68,712)</u></u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from:					
Fees for Service	\$ 4,521	\$ 461,229	\$ 2,384	\$ 41,733	\$ 8,001
Other Sources	69	-	169	-	-
Cash Payments to or for:					
Suppliers	(4,496)	(490,300)	(2,175)	(30,881)	(2,005)
Employees	(1,704)	(3,257)	(3,600)	(9,669)	(4,419)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(1,610)</u>	<u>(32,328)</u>	<u>(3,222)</u>	<u>1,183</u>	<u>1,577</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	200	13,740	3,364	600	8,452
Transfers Out	(320)	(7,278)	(91)	(3,372)	(4,874)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(120)</u>	<u>6,462</u>	<u>3,273</u>	<u>(2,772)</u>	<u>3,578</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from Sale of Capital Assets	80	-	-	-	-
Acquisition of Capital Assets	(9)	-	(167)	-	(5,293)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>71</u>	<u>-</u>	<u>(167)</u>	<u>-</u>	<u>(5,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of Interest and Dividends of Investments	-	-	-	-	31
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents at Beginning of Year, as Restated</b>	(1,659)	(25,866)	(116)	(1,589)	(107)
<b>Cash and Cash Equivalents at End of Year</b>	<u>7,293</u>	<u>106,581</u>	<u>631</u>	<u>9,579</u>	<u>17,234</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 5,634</u>	<u>\$ 80,715</u>	<u>\$ 515</u>	<u>\$ 7,990</u>	<u>\$ 17,127</u>
<b>Cash and Cash Equivalents</b>					
Investment in the State General Fund Investment Pool	\$ 5,634	\$ 80,715	\$ 515	\$ 7,990	\$ 17,127
Total Cash and Cash Equivalents	<u>\$ 5,634</u>	<u>\$ 80,715</u>	<u>\$ 515</u>	<u>\$ 7,990</u>	<u>\$ 17,127</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (3,107)	\$ 31,542	\$ (3,110)	\$ (4,028)	\$ (2,551)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,610	-	76	10,213	3,609
Net Changes in Assets and Liabilities Related to Operating Activities:					
Receivables/Due From Other Funds	(16)	3,045	146	(3,937)	91
Inventories	-	-	31	-	-
Prepaid Items/Deferred Charges	-	-	11	-	-
Insurance Claims Payable	-	(96,916)	-	-	-
Accounts Payable/Accrued Liabilities/Due To Other Funds	(97)	30,001	(376)	(1,065)	428
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (1,610)</u>	<u>\$ (32,328)</u>	<u>\$ (3,222)</u>	<u>\$ 1,183</u>	<u>\$ 1,577</u>

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Total

\$ 517,868  
238

(529,857)  
(22,649)  
(34,400)

26,356  
(15,935)

10,421

80  
(5,469)

(5,389)

31  
31  
(29,337)

141,318  
\$ 111,981

\$ 111,981  
\$ 111,981

\$ 18,746

15,508

(671)  
31  
11  
(96,916)

28,891

\$ (34,400)

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR INTERNAL SERVICE FUNDS – FLEET OPERATIONS

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Rentals and Royalties	\$ -	\$ -	\$ -	\$ -
Charges for Services	4,771	4,771	4,420	(351)
Licenses, Fees and Permits	-	-	-	-
Assessments	-	-	-	-
Miscellaneous and Other	-	-	231	231
Operating Transfers In	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<u>4,771</u>	<u>4,771</u>	<u>4,651</u>	<u>(120)</u>
Net Position Balance	<u>3,493</u>	<u>3,493</u>		
Total Budget	<u>8,264</u>	<u>8,264</u>		
<b>EXPENDITURES</b>				
<b>Fleet Operations</b>				
P608 Facilities Management Division			36	(36)
P609 Transportation Services	8,264	8,264	7,678	586
Z000 Special Appropriations	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>8,264</u>	<u>8,264</u>	<u>7,714</u>	<u>550</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,063)</u>	
<b>Budget Basis to GAAP Basis Reconciliation</b>				
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ (3,063)	
Differences Budget to GAAP:				
Expenditures Related to Multi Year Bud Ref			(320)	
Revenue Related to Multi Year Bud Ref			<u>200</u>	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Net Position</b>			<u>\$ (3,183)</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR INTERNAL SERVICE FUNDS – RISK MANAGEMENT

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ -	\$ -	\$ -	\$ -
Charges for Services				-
Assessments	79,141	79,141	457,920	378,779
Miscellaneous and Other	353,074	353,074		(353,074)
Operating Transfers In	7,552	7,552	13,740	6,188
<b>Total Revenues and Other Financing Sources</b>	<u>439,767</u>	<u>439,767</u>	<u>471,660</u>	<u>31,893</u>
Net Position Balance	<u>19,821</u>	<u>44,371</u>		
Total Budget	<u>459,588</u>	<u>484,138</u>		
<b>EXPENDITURES</b>				
<b>Risk Management</b>				
P598 Program Support			-	-
P606 Risk Management	86,767	111,317	97,116	14,201
P607 Employee Group Health Benefits	363,581	363,581	329,263	34,318
Z000 Special Appropriations	9,240	9,240		9,240
<b>Total Expenditures and Other Financing Uses</b>	<u>459,588</u>	<u>484,138</u>	<u>426,379</u>	<u>\$ 57,759</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,281</u>	
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 45,281	
Differences Budget to GAAP:				
Expenditures with Multi Year Bud Ref			(7,278)	
Rounding			<u>1</u>	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Net Position</b>			<u>\$ 38,004</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR INTERNAL SERVICE FUNDS – PRINTING AND RECORDS

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES</b>				
Charges for Services	\$ 3,657	\$ 3,657	\$ 2,047	\$ (1,610)
Assessment	-	-	115	115
Investment Income			118	118
Miscellaneous and Other	8	8	104	96
Operating Transfers In	-	-	3,364	3,364
<b>Total Revenues and Other Financing Sources</b>	<u>3,665</u>	<u>3,665</u>	<u>5,748</u>	<u>2,083</u>
Net Position Balance	<u>2,148.00</u>	<u>2,148.00</u>		
<b>EXPENDITURES</b>				
<b>Printing and Records</b>				
P598 Administration	3,657	3,657	3,410	247
P606 Risk Management Division			-	-
P605 State Printing Services	1,938	1,938	1,923	15
P609 Transportation Services			-	-
P641 State Commission of Public Records	218	218	161	57
Z000 Special Appropriations	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>5,813</u>	<u>5,813</u>	<u>5,494</u>	<u>319</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ 1,764</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 254	
Differences Budget to GAAP				
Expenditures not associated with P code			(91)	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Net Position</b>			<u>\$ 163</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR INTERNAL SERVICE FUNDS – COMMUNICATIONS SERVICES

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 36,320	\$ 36,863	\$ 44,779	\$ 7,916
Miscellaneous and Other	-	-	391	391
Operating Transfers In	-	2,900	8,835	5,935
<b>Total Revenues and Other Financing Sources</b>	<u>36,320</u>	<u>39,763</u>	<u>54,005</u>	<u>14,242</u>
NET POSITION balance	-	-		
	<u>36,320</u>	<u>39,763</u>		
<b>EXPENDITURES</b>				
<b>Communications Services</b>				
P773 Enterprise Services	36,320	39,764	49,698	(9,935)
Z000 Special Appropriations	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>36,320</u>	<u>39,764</u>	<u>49,698</u>	<u>(9,935)</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ 4,307</u>	<u>\$ 24,176</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 4,307	
Differences Budget to GAAP:				
Expenditures with Multi Year Bud Ref			(968)	
Revenues with Multi Year Bud Ref			500	
Expenditures not associated with P Code			(13,123)	
<b>Total Change in Net Position as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Net Position</b>			<u>\$ (9,284)</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE NONMAJOR INTERNAL SERVICE FUNDS – INFORMATION PROCESSING

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES</b>				
Investment Income	\$ -	\$ -	\$ 29	\$ 29
Charges for Services	12,107	10,354	7,908	(2,446)
Miscellaneous and Other				-
Operating Transfers In	8,820	13,721	18,162	4,441
<b>Total Revenues and Other Financing Sources</b>	<u>20,927</u>	<u>24,075</u>	<u>26,099</u>	<u>2,024</u>
NET POSITION Balance	-	-		
Total Budget	<u>20,927</u>	<u>24,075</u>		
<b>EXPENDITURES</b>				
<b>Information Processing</b>				
P771 Program Support	4,113	4,113	3,125	988
P772 Compliance and Project Managem	845	845	730	115
P773 Enterprise Services	12,107	13,255	12,335	920
P784 Equipment Replacement Program	3,862	5,862	4,573	1,289
Z000 Special Appropriations	-	-	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>20,927</u>	<u>24,075</u>	<u>20,763</u>	<u>3,312</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 5,336</u>	<u>\$ (1,287)</u>

### Budget Basis to GAAP Basis Reconciliation

#### Net Change in Fund Net Position

Net Change in Fund Net Position (Budgetary Basis)

\$ 5,336

Differences Budget to GAAP:

Expenditures not associated with a Pcode

(114)

**Total Change in Net Position as Reported on the Statement of**

**Revenues, Expenditures, and Changes in Fund Net Position**

\$ 5,222

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

### PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS FINANCIAL STATEMENTS

**Public Employees Retirement System (PERS)** – PERS is a cost-sharing, multiple-employer defined benefit pension plan. Membership is open to employees and elected officials of every affiliated public employer. There are six divisions of members and eighteen coverage plans.

**Judicial Retirement System (JRS)** – The JRS is a cost-sharing, multiple-employer defined benefit pension plan. Every judge or justice is eligible for membership upon election or appointment to office.

**Magistrate Retirement System (MRS)** – The MRS is a cost-sharing, multiple-employer defined benefit pension plan. All magistrates are eligible for membership upon election or appointment to office.

**Volunteer Firefighters Retirement Fund (VFRS)** – The VFRS is a cost-sharing, multiple-employer defined pension benefit plan with a special funding mandate. Membership is open to most volunteer, non-salaried firefighters who are listed as active members on the rolls of a fire department and meet certain age and service credit requirements.

**Educational Employees' Retirement System (EERS)** – EERS is a qualified, defined benefit, governmental retirement plan established and administered by the State of New Mexico to provide pension benefits for all state certified employees, teachers and other employees of the State educational institutions, junior colleges, and technical vocational institutes.

**New Mexico Retiree Health Care Authority (RHCA)** – RHCA is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that provides comprehensive core group health insurance for persons who have retired from public service with entities in the State of New Mexico.

**Deferred Compensation Plan (IRC 457)** – The State of New Mexico offers its employees a deferred compensation plan (Plan) under Chapters 10-7-A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Public Employee’s Retiree Association is the trustee of the Plan; however, the Plan is administered by a third party administrator acting under contract with PERA.



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

June 30, 2013  
(In Thousands)

	Public Employees Retirement	Judicial Retirement	Magistrate Retirement	Volunteer Firefighters Retirement	Educational Employees Retirement System
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 532,301	\$ 3,397	\$ 1,294	\$ 2,265	\$ 746,623
Investment in State General Fund Investment Pool	(11,817)	617	1,033	47	5,354
Investments					
U.S. Government and Agency Securities	1,158,608	7,395	2,817	4,930	1,287,291
International Securities	3,288,429	20,988	7,995	13,992	1,134,562
Corporate Equity Securities	3,535,789	22,567	8,597	15,044	2,824,847
Corporate and Municipal Bonds	1,555,041	9,780	4,325	6,045	1,112,125
Partnerships and Other Investments	2,709,625	17,294	6,588	11,529	3,080,464
Securities Lending Collateral Investments	333,804	2,130	812	1,420	-
Due From Other Funds	807	4	36	-	111
Receivables					
Brokers	348,062	2,221	846	1,481	73,813
Contributions	33,998	314	73	-	65,898
Accrued Interest and Other	50,724	320	124	212	24,907
Participant Loans	-	-	-	-	-
Other Assets	-	-	-	-	-
Capital Assets, Net	13,066	-	-	-	2,176
<b>Total Assets</b>	<b>13,548,437</b>	<b>87,027</b>	<b>34,540</b>	<b>56,965</b>	<b>10,358,171</b>
<b>LIABILITIES</b>					
Accounts Payable	8,810	-	-	-	3,474
Security Lending Liability	351,251	2,241	853	1,495	-
Accrued Liabilities	98	-	-	-	106
Due to Other Funds	352	203	82	118	-
Due to Brokers	479,420	3,060	1,166	2,040	160,921
Unearned Revenue	-	-	-	-	-
Deposits Held in Trust	-	-	-	-	34
Other Liabilities	292	-	-	-	1,826
<b>Total Liabilities</b>	<b>840,223</b>	<b>5,504</b>	<b>2,101</b>	<b>3,653</b>	<b>166,361</b>
<b>NET POSITION</b>					
Held in Trust for:					
Pension Benefits	12,708,214	81,523	32,439	53,312	10,191,810
Other Employee Benefits	-	-	-	-	-
Defined Contribution	-	-	-	-	-
<b>Net Position</b>	<b>\$ 12,708,214</b>	<b>\$ 81,523</b>	<b>\$ 32,439</b>	<b>\$ 53,312</b>	<b>\$ 10,191,810</b>

<u>New Mexico Retiree Health Care Authority</u>	<u>Deferred Compensation (IRC 457) Plan</u>	<u>Total</u>
\$ -	\$ -	\$ 1,285,880
28,348	-	23,582
-	-	2,461,041
40,216	-	4,506,182
108,731	-	6,515,575
94,271	-	2,781,587
29,345	422,546	6,277,391
-	-	338,166
3,802	-	4,760
-	-	426,423
10,675	-	110,958
4,440	-	80,727
-	7,229	7,229
-	1,953	1,953
36	-	15,278
<u>319,864</u>	<u>431,728</u>	<u>24,836,732</u>
8,537	-	20,821
-	-	355,840
35	-	239
-	-	755
-	-	646,607
426	-	426
-	-	34
18,217	-	20,335
<u>27,215</u>	<u>-</u>	<u>1,045,057</u>
-	-	23,067,298
292,649	-	292,649
-	431,728	431,728
<u>\$ 292,649</u>	<u>\$ 431,728</u>	<u>\$ 23,791,675</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Public Employees Retirement	Judicial Retirement	Magistrate Retirement	Volunteer Firefighters Retirement	Educational Employees Retirement System
<b>ADDITIONS</b>					
Contributions:					
Employee Contributions	\$ 233,826	\$ 1,440	\$ 353	\$ -	\$ 248,785
Employer Contributions	287,432	3,531	805	-	299,768
Other	-	-	-	-	-
Transfers In	-	-	-	750	-
<b>Total Contributions</b>	<b>521,258</b>	<b>4,971</b>	<b>1,158</b>	<b>750</b>	<b>548,553</b>
Investment Income (Loss):					
Net Increase in Fair Value of Investments	1,208,288	7,641	3,138	4,962	837,193
Interest and Dividends	293,386	1,862	739	1,224	194,940
	1,501,674	9,503	3,877	6,186	1,032,133
Less Investment Expense	(28,100)	(179)	(68)	(120)	
<b>Net Investment Income</b>	<b>1,473,574</b>	<b>9,324</b>	<b>3,809</b>	<b>6,066</b>	<b>1,032,133</b>
Other Additions					
Other Operating Revenues	9,795	171	67	102	1,898
<b>Total Other Additions</b>	<b>9,795</b>	<b>171</b>	<b>67</b>	<b>102</b>	<b>1,898</b>
<b>Total Additions</b>	<b>2,004,627</b>	<b>14,466</b>	<b>5,034</b>	<b>6,918</b>	<b>1,582,584</b>
<b>DEDUCTIONS</b>					
Benefits and Claims	842,711	8,225	3,379	969	811,665
Retiree Healthcare Payments	-	-	-	-	-
Refunds	45,114	52	54	-	41,664
General and Administrative Expenses	8,612	26	14	-	26,406
Other Operating Expenses	-	-	-	-	-
<b>Total Deductions</b>	<b>896,437</b>	<b>8,303</b>	<b>3,447</b>	<b>969</b>	<b>879,735</b>
<b>Change in Net Position</b>	<b>1,108,190</b>	<b>6,163</b>	<b>1,587</b>	<b>5,949</b>	<b>702,849</b>
<b>Net Position - Beginning</b>	<b>11,600,024</b>	<b>75,360</b>	<b>30,852</b>	<b>47,363</b>	<b>9,488,961</b>
<b>Net Position - Ending</b>	<b>\$ 12,708,214</b>	<b>\$ 81,523</b>	<b>\$ 32,439</b>	<b>\$ 53,312</b>	<b>\$ 10,191,810</b>

New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	Total
\$ 110,957	\$ 35,921	\$ 631,282
83,296	-	674,832
39,752	-	39,752
66	-	816
<u>234,071</u>	<u>35,921</u>	<u>1,346,682</u>
27,613	37,593	2,126,428
72	2,597	494,820
<u>27,685</u>	<u>40,190</u>	<u>2,621,248</u>
-	-	(28,467)
<u>27,685</u>	<u>40,190</u>	<u>2,592,781</u>
42,007	-	54,040
<u>42,007</u>	-	<u>54,040</u>
<u>303,763</u>	<u>76,111</u>	<u>3,993,503</u>
231,016	36,194	1,934,159
-	-	-
-	-	86,884
2,530	1,009	38,597
938		938
<u>234,484</u>	<u>37,203</u>	<u>2,060,578</u>
69,279	38,908	1,932,925
223,370	392,820	21,858,750
<u>\$ 292,649</u>	<u>\$ 431,728</u>	<u>\$ 23,791,675</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Year Ended June 30, 2013

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 29,614	\$ 37,657	\$ 118,160	\$ 80,503
Charges for Services	108	108	65	(43)
<b>Total Revenues and Other Financing Sources</b>	<u>29,722</u>	<u>37,765</u>	<u>118,225</u>	<u>80,460</u>
<b>EXPENDITURES</b>				
<b>Public Employees Retirement</b>				
P640 Pension Administration Program	29,722	37,765	36,045	1,720
<b>Total Expenditures and Other Financing Uses</b>	<u>29,722</u>	<u>37,765</u>	<u>36,045</u>	<u>1,720</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,180</u>	<u>\$ 78,740</u>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 82,180	
Differences in Budget to GAAP:				
Investment earnings and change in fair value			1,383,513	
Depreciation expense			(666)	
AJE's			400	
Contributions from members and employers			520,858	
Other income			9,730	
Benefit payments to retirees and beneficiaries			(842,711)	
Refunds to terminated employees			(45,114)	
<b>Increase (Decrease) in plan net position</b>			<u>1,108,190</u>	
<b>Net position held in trust for pension benefits</b>				
Balance - beginning of year			<u>11,600,024</u>	
Balance - end of year			<u>\$ 12,708,214</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS – EDUCATIONAL RETIREMENT SYSTEM

For the Year Ended June 30, 2013  
(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES</b>				
Investment Income	\$ 37,823	\$ 37,823	\$ 194,940	\$ 157,117
<b>Total Revenues and Other Financing Sources</b>	<u>37,823</u>	<u>37,823</u>	<u>194,940</u>	<u>157,117</u>
<b>EXPENDITURES</b>				
<b>Educational Retirement Board</b>				
P635 Educational Retirement Board	37,823	37,823	25,712	12,111
<b>Total Expenditures and Other Financing Uses</b>	<u>37,823</u>	<u>37,823</u>	<u>25,712</u>	<u>12,111</u>
<b>Net Change Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,228</u>	<u>\$ 145,006</u>
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 169,228	
Differences in Budget to GAAP:				
Investment earnings and change in fair value			837,193	
Depreciation expense			(695)	
AJE's			111	
Contributions from members and employers			548,442	
Other income			1,898	
Benefit payments to retirees and beneficiaries			(811,665)	
Refunds to terminated employees			(41,663)	
<b>Increase (Decrease) in plan net position</b>			<u>702,849</u>	
<b>Net position held in trust for pension benefits</b>				
Balance - beginning of year			<u>9,488,961</u>	
Balance - end of year			<u>\$ 10,191,810</u>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING BUDGETARY COMPARISON SCHEDULE PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS – NEW MEXICO RETIREE HEALTH CARE AUTHORITY

For the Year Ended June 30, 2013  
(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES</b>				
Investment Income	\$ 38	\$ 38	\$ 137	\$ 99
Retiree contributions	111,041	111,041	111,319	278
Employer/employee contributions	114,884	114,884	119,257	4,373
Pension taxes	1,807	1,807	21,689	19,882
Miscellaneous and Other	18,394	18,394	17,757	(637)
Transfers in	2,684	2,684	2,380	(304)
Federal revenue	-	-	2,561	2,561
<b>Total Revenues and Other Financing Sources</b>	<b>248,848</b>	<b>248,848</b>	<b>275,100</b>	<b>26,252</b>
<b>EXPENDITURES</b>				
<b>Retiree Health Care Authority</b>				
P633 Healthcare Benefits Administration Program	246,164	246,164	231,166	14,998
P634 Program Support	2,684	2,684	2,901	(217)
Z000 Special Appropriations	-	-	2,791	(2,791)
<b>Total Expenditures and Other Financing Uses</b>	<b>248,848</b>	<b>248,848</b>	<b>236,858</b>	<b>11,990</b>
<b>Net Change Budgetary Basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,242</b>	<b>\$ 14,262</b>
<b>Budget Basis to GAAP Basis Reconciliation</b>				
<b>Net Change in Fund Net Position</b>				
Net Change in Fund Net Position (Budgetary Basis)			\$ 38,242	
Differences in Budget to GAAP:				
Gain on investments excluding interest			27,613	
Depreciation expense			(6)	
Refunds			(362)	
AJE's			3,792	
<b>Increase (Decrease) in plan net position</b>			<b>69,279</b>	
<b>Net position held in trust for pension benefits</b>				
Balance - beginning of year			223,370	
Balance - end of year			<b>\$ 292,649</b>	

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION REVENUES AND EXPENSES BY TYPE THE PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income (Loss)	Other Income (Expense)	
2013	\$ 233,826	\$ 287,432	\$ 1,473,574	\$ 9,795	\$ 2,004,627
2012	248,070	274,906	(119,491)	37,841	441,326
2011	232,466	283,377	2,186,251	46,745	2,748,839
2010	230,516	291,683	1,394,710	1,225	1,918,134
2009	215,449	311,082	(3,033,978)	(815)	(2,508,262)
2008	191,707	292,569	(1,033,557)	11,092	(538,189)
2007	179,317	269,571	1,984,164	18,396	2,451,448
2006	169,802	249,740	1,176,495	7,431	1,603,468
2005	160,639	234,232	920,022	13,158	1,328,051
2004	151,568	223,060	1,258,274	9,448	1,642,350

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit and Claims	General and Administrative Expenses	Refunds	Other Expenses	
2013	\$ 842,711	\$ 8,612	\$ 45,114	\$ -	\$ 896,437
2012	780,145	9,841	45,771	-	835,757
2011	716,680	10,524	43,108	-	770,312
2010	653,728	10,999	32,735	-	697,462
2009	604,103	11,050	31,669	-	646,822
2008	557,190	9,939	31,328	-	598,457
2007	511,709	9,116	34,589	-	555,414
2006	467,102	10,174	30,246	-	507,522
2005	427,084	40,223	29,416	-	496,723
2004	387,308	8,257	28,146	-	423,711



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION REVENUES AND EXPENSES BY TYPE THE JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member	Employer	Investment	Other	
	Contributions	Contributions	Income (Loss)	Income	
2013	\$ 1,440	\$ 3,531	\$ 9,324	\$ 171	\$ 14,466
2012	1,348	3,266	(592)	201	4,223
2011	1,319	3,823	14,332	300	19,774
2010	1,148	3,699	7,258	-	12,105
2009	1,092	4,123	(19,550)	15	(14,320)
2008	895	3,832	(7,000)	58	(2,215)
2007	874	3,623	13,488	23	18,008
2006	697	3,154	8,137	-	11,988
2005	544	2,735	6,374	60	9,713
2004	454	2,674	8,531	3,291	14,950

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit and Claims	General and Administrative		Other Expenses	
		Expenses	Refunds		
2013	\$ 8,225	\$ 26	\$ 52	\$ -	\$ 8,303
2012	7,656	22	10	-	7,688
2011	7,142	177	-	-	7,319
2010	6,682	19	2	-	6,703
2009	6,393	22	13	-	6,428
2008	5,907	34	26	-	5,967
2007	5,494	21	10	-	5,525
2006	5,113	24	26	-	5,163
2005	4,687	224	-	-	4,911
2004	4,481	12	-	-	4,493

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION REVENUES AND EXPENSES BY TYPE THE MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013

(In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income (Loss)	Other Income	
2013	\$ 353	\$ 805	\$ 3,809	\$ 67	\$ 5,034
2012	350	676	(217)	75	884
2011	363	895	5,955	130	7,343
2010	330	825	4,137	-	5,292
2009	308	1,000	(8,911)	-	(7,603)
2008	243	981	(3,177)	13	(1,940)
2007	286	920	6,187	10	7,403
2006	849	209	3,719	-	4,777
2005	172	763	2,928	28	3,891
2004	149	779	4,560	-	5,488

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit and Claims	General and Administrative Expenses	Refunds	Other Expenses	
2013	\$ 3,379	\$ 14	\$ 54	\$ -	\$ 3,447
2012	3,218	12	26	14	3,270
2011	2,954	12	56	-	3,022
2010	2,675	10	-	-	2,685
2009	2,448	31	-	-	2,479
2008	2,294	18	20	-	2,332
2007	2,084	9	80	-	2,173
2006	1,738	9	-	-	1,747
2005	1,624	102	80	-	1,806
2004	1,591	48	-	3,291	4,930

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION REVENUES AND EXPENSES BY TYPE THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM For the Last Ten Years Ending June 30, 2013 (In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income (Loss)	Other Income+	
2013	\$ -	\$ -	\$ 6,066	\$ 852	\$ 6,918
2012	-	-	(281)	859	578
2011	-	-	8,551	931	9,482
2010	-	-	4,818	750	5,568
2009	-	-	(11,334)	750	(10,584)
2008	-	-	(3,984)	765	(3,219)
2007	-	-	7,344	751	8,095
2006	-	750	4,326	-	5,076
2005	-	750	3,309	31	4,090
2004	-	750	4,465	-	5,215

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit and Claims	General and Administrative Expenses	Refunds	Other Expenses	
2013	\$ 969	\$ -	\$ -	\$ -	\$ 969
2012	856	-	-	-	856
2011	782	-	-	-	782
2010	665	-	-	-	665
2009	588	-	-	-	588
2008	539	-	-	-	539
2007	499	-	-	-	499
2006	405	-	-	-	405
2005	346	102	-	-	448
2004	307	-	-	-	307

\*Contributions are appropriated from the State of New Mexico Fire Protection Fund.

+Includes other operating revenue and transfers in.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION

### REVENUES AND EXPENSES BY TYPE

#### THE EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM

For the Last Ten Years Ending June 30, 2013  
(In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income (Loss)	Other Income	
2013	\$ 248,785	\$ 299,768	\$ 1,032,133	\$ 1,898	\$ 1,582,584
2012	289,852	253,845	160,761	3,062	707,520
2011	247,408	308,368	1,544,496	4,032	2,104,304
2010	250,667	313,276	1,248,320	3,109	1,815,372
2009	212,014	323,685	(1,539,726)	3,701	(1,000,326)
2008	201,916	290,846	(567,837)	3,663	(71,412)
2007	189,391	255,853	1,360,224	4,332	1,809,800
2006	178,221	226,479	943,071	3,867	1,351,638
2005	169,099	197,873	690,360	4,032	1,061,364
2004	162,119	189,325	919,402	4,201	1,275,047

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit and Claims	General and Administrative Expenses	Refunds	Other Expenses	
2013	\$ 811,665	\$ 26,406	\$ 41,664	\$ -	\$ 879,735
2012	754,555	11,986	34,520	6,061	807,122
2011	701,772	11,407	35,087	-	748,266
2010	656,233	11,488	28,780	-	696,501
2009	617,705	8,672	29,687	-	656,064
2008	578,776	6,089	29,475	-	614,340
2007	540,144	5,625	27,525	-	573,294
2006	494,097	65,094	24,062	233	583,486
2005	454,983	43,344	23,444	-	521,771
2004	422,418	2,583	21,859	-	446,860

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION REVENUES AND EXPENSES BY TYPE THE RETIREE HEALTH CARE AUTHORITY

For the Last Nine Years Ending June 30, 2013

(In Thousands)

Fiscal Year Ended June 30,	REVENUES BY SOURCE				Total
	Member Contributions <sup>^</sup>	Employer Contributions	Investment Income (Loss)	Other Income+	
2013	\$ 150,709	\$ 83,296	\$ 27,685	\$ 42,073	\$ 303,763
2012	140,092	72,723	(4,775)	34,994	243,034
2011	130,171	66,708	33,786	34,043	264,708
2010	116,377	52,297	20,034	36,594	225,302
2009	117,656	52,716	(34,082)	32,959	169,249
2008	67,351	78,840	364	34,459	181,014
2007	94,828	48,875	28,816	22,832	195,351
2006	23,220	46,993	17,435	80,275	167,923
2005	21,687	43,638	82,750	11,876	159,951
2004	118,699	-	19,872	7,759	146,330

Fiscal Year Ended June 30,	EXPENSES BY TYPE				Total
	Benefit Payments	Administrative Expenses	Refunds to Terminated Employees	Other Expenses	
2013	\$ 231,016	\$ 2,530	\$ -	\$ 938	\$ 234,484
2012	227,201	2,384	-	3,462	233,047
2011	210,805	2,605	-	5,470	218,880
2010	204,730	2,670	-	(3,440)	203,960
2009	189,157	2,701	-	-	191,858
2008	193,947	-	801	-	194,748
2007	171,751	2,489	-	-	174,240
2006	155,194	2,280	-	2,864	160,338
2005	138,660	2,016	-	2,014	142,690
2004	119,409	2,341	-	-	121,750

\*In 2003, the State evaluated the classification of the RHCA. Prior to 2003, the RHCA was an enterprise activity for the State of New Mexico. In 2003, the RHCA was determined to be a trust for the State.

+ Includes other operating revenue and transfers in.

<sup>^</sup> Includes retirees and active employee members.

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

#### EXTERNAL INVESTMENT TRUST FUNDS FINANCIAL STATEMENTS

**State Investment Council** – The State Investment Council (Council) is responsible for the investment activities of certain State of New Mexico Trust Funds. Pursuant to New Mexico law, the Council created the following investment pools: Large Capitalization Active, Large Capitalization Index, Core Bonds, Structured Credit, Mid\Small Capitalization, Non-U.S. Equity Securities, Non-U.S. Emerging Markets, and Absolute Bonds. The investment pools provide long-term investment opportunities for state agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by State are presented in both the Governmental Funds and Proprietary Funds.

**State Treasurer** – The Office of the State Treasurer holds and invests monies for other state agencies and local governments. There are two external investment pools: Local Governmental Investment Pool and Reserve Contingency. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by the State are presented in both the Governmental Funds and Proprietary Funds.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS

June 30, 2013  
(In Thousands)

	State Investment Council	State Treasurer	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,844	\$ 191,903	\$ 202,747
Investment in State General Fund			
Investment Pool	-	-	-
Other Investment Pools	58,930	279,913	338,843
Receivables	24,681	325	25,006
<b>Total Assets</b>	<u>94,455</u>	<u>472,141</u>	<u>566,596</u>
<b>LIABILITIES</b>			
Due to Other Funds	-	-	-
Due to Brokers	35,268	8,655	43,923
Intergovernmental Payables	-	-	-
Other Liabilities	321	-	321
<b>Total Liabilities</b>	<u>35,589</u>	<u>8,655</u>	<u>44,244</u>
<b>NET POSITION</b>			
Held in Trust for:			
External Investment Pool Participants	58,866	463,486	522,352
<b>Net Position</b>	<u>\$ 58,866</u>	<u>\$ 463,486</u>	<u>\$ 522,352</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	State Investment Council	State Treasurer	Total
<b>ADDITIONS</b>			
Pool Participant Deposits	\$ 1,855	\$ - *	\$ 1,855
Investment Income (Loss):			
Net Increase (Decrease) in Fair Value of Investments	(1,599)	267,753 **	266,154
Interest and Dividends	1,388	1,042	2,430
<b>Total Additions</b>	<u>1,644</u>	<u>268,795</u>	<u>270,439</u>
<b>DEDUCTIONS</b>			
Pool Participant Withdrawals	3,583	299,617	303,200
General and Administrative Expenses	123	263	386
<b>Total Deductions</b>	<u>3,706</u>	<u>299,880</u>	<u>303,586</u>
<b>Change in Net Position</b>	(2,062)	(31,085)	(33,147)
<b>Net Position - Beginning</b>	60,928	494,571	555,499
<b>Net Position - Ending</b>	<u>\$ 58,866</u>	<u>\$ 463,486</u>	<u>\$ 522,352</u>

\* The pool participant deposits reported for the State Treasurer above is net of actual pool participant deposits and withdrawals.

\*\* Includes reduction of interfund investments.



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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

#### PRIVATE PURPOSE TRUST FUNDS FINANCIAL STATEMENTS

**Scholarship Fund** – This grouping includes scholarship trust funds administered by the Higher Education Department and the Public Education Department.

**Land Grant** – Under terms of the Fergusson Act of 1898 and the Enabling Act of 1910, certain lands held by the federal government were granted to the territory of New Mexico. The lands, totaling 13 million acres, are held in trust for the benefit of the public schools and other specific institutions. Only the portion of the fund that does not benefit the State is presented as a Private Purpose Trust Fund. Other portions of the fund that benefit the State are presented in both the Governmental Funds and Proprietary Funds. The fund is administered by the State Investment Council.

**Education Trust Fund** – The 529 Higher Education Savings Plan is a variable return college savings program that enables individuals to save and invest in order to fund future higher education expenses of a child or beneficiary. The program is designed to be a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and is maintained by the Education Trust Board.

**Water Trust Fund** – The Water Trust Fund accounts for monies appropriated, donated, or otherwise accrued in the fund for the water project fund, which is administered by the State Investment Council.

**Bartlett Trust Fund** – The Cultural Affairs Department is the administrator of a trust fund which was privately endowed for the benefit of the Museum of International Folk Art.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

June 30, 2013  
(In Thousands)

	Scholarship	Land Grant	Higher Education Savings	Water Trust	Bartlett Trust	Total
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 20	\$ 425,786	\$ 6,649	\$ 658	\$ -	\$ 433,113
Investment in State General Fund Investment Pool	2,179	29,745	-	1,484	158	33,566
Investments						
U.S. Government and Agency Securities	-	-	-	-	-	-
Corporate Equity Securities	-	-	-	-	-	-
Partnerships and Other Investments	-	-	-	-	-	-
Investment Pools	23,910	9,841,971	2,121,000	46,019	-	12,032,900
Due From Other Funds	-	23,383	-	-	-	23,383
Receivables						
Brokers	-	286,496	-	-	-	286,496
Contributions	-	-	-	-	-	-
Accrued Interest and Other	-	24,292	942	106	-	25,340
Participant Loans	-	-	-	-	-	-
Other Receivables	-	-	2,680	-	-	2,680
<b>Total Assets</b>	<u>26,109</u>	<u>10,631,673</u>	<u>2,131,271</u>	<u>48,267</u>	<u>158</u>	<u>12,837,478</u>
<b>LIABILITIES</b>						
Accounts Payable	-	-	-	-	-	-
Accrued Liabilities	-	3,635	891	-	-	4,526
Due to Other Funds	14,030	36,794	-	9	-	50,833
Due to Beneficiaries	-	3,961	-	-	-	3,961
Due to Brokers	-	363,046	-	1,722	-	364,768
Other Liabilities	-	-	3,477	-	-	3,477
<b>Total Liabilities</b>	<u>14,030</u>	<u>407,436</u>	<u>4,368</u>	<u>1,731</u>	<u>-</u>	<u>427,565</u>
<b>NET POSITION</b>						
Held in Trust for:						
Other Purposes	12,079	10,224,237	2,126,903	46,536	158	12,409,913
<b>Net Position</b>	<u>\$ 12,079</u>	<u>\$ 10,224,237</u>	<u>\$ 2,126,903</u>	<u>\$ 46,536</u>	<u>\$ 158</u>	<u>\$ 12,409,913</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Scholarship	Land Grant	Higher Education Savings	Water Trust	Bartlett Trust	Total
<b>ADDITIONS</b>						
Member Contributions	\$ -	\$ -	\$ 680,447	\$ -	\$ -	\$ 680,447
Transfers In	-	-	-	-	-	-
Total Contributions	-	-	680,447	-	-	680,447
Investment Income:						
Net Increase (Decrease) in Fair Value of Investments	3,658	1,095,589	172,791	4,818	-	1,276,856
Interest and Dividends	-	616,882	31,746	912	-	649,540
	3,658	1,712,471	204,537	5,730	-	1,926,396
Less Investment Expense	-	-	(11,539)	-	-	(11,539)
Net Investment Income	3,658	1,712,471	192,998	5,730	-	1,914,857
<b>Total Additions</b>	3,658	1,712,471	873,445	5,730	-	2,595,304
<b>DEDUCTIONS</b>						
Distributions	2,000	488,760	711,022	4,000	-	1,205,782
Other Operating Expenses	60	-	-	92	13	165
Transfers Out	-	20,669	-	-	-	20,669
<b>Total Deductions</b>	2,060	509,429	711,022	4,092	13	1,226,616
<b>Change in Net Position</b>	1,598	1,203,042	162,423	1,638	(13)	1,368,688
<b>Net Position - Beginning</b>	10,481	9,021,195	1,964,480	44,898	171	11,041,225
<b>Net Position - Ending</b>	\$ 12,079	\$ 10,224,237	\$ 2,126,903	\$ 46,536	\$ 158	\$ 12,409,913

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION FIDUCIARY FUNDS AGENCY FUNDS FINANCIAL STATEMENTS

**Culture, Recreation, and Natural Resources** – These funds are administered by the Department of Cultural Affairs, Department of Game and Fish, and the Office of the State Engineer.

**Other Agency Funds** – This grouping contains all other agency funds.

**Receipts Pending Distribution of Funds** – These are funds administered by the Department of Finance and Administration, Secretary of State, Public Regulation Commission, New Mexico Gaming Control Board, New Mexico Racing Commission, New Mexico Livestock Board, Energy Minerals and Natural Resources Department, and Department of Health.

**Suspense Related Funds** – These funds are administered by the Judicial Courts and District Attorneys, Taxation and Revenue Department, Department of Finance and Administration, Regulation and Licensing Department, Public Regulation Commission, Energy Minerals and Natural Resources Department, New Mexico Racing Commission, Office of the State of Engineer, Health and Human Services Department, Department of Health, Environment Department, Children, Youth, and Families Department, Corrections Department, Department of Public Safety, and Worker's Compensation Administration.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

June 30, 2013

(In Thousands)

	Culture, Recreation, and Natural Resources	Other Agency	Receipts Pending Distribution	Suspense Related	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 659	\$ 9,896	\$ 865	\$ 511,616	\$ 523,036
Investment in State General Fund					
Investment Pool	350	278,401	2,405	836,736	1,117,892
Investment in Local Government					
Investment Pool	-	-	22	507	529
Investments					
Investment Pools	-	21,334	-	-	21,334
Due From Other Funds	-	20,912	252	32,073	53,237
Receivables, Net	88	115,817	547	997,856	1,114,308
<b>Total Assets</b>	<u>\$ 1,097</u>	<u>\$ 446,360</u>	<u>\$ 4,091</u>	<u>\$ 2,378,788</u>	<u>\$ 2,830,336</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	37,361	3,203	1,031,548	1,072,112
Due to Beneficiaries	-	-	-	-	-
Due to Taxpayers	-	-	-	54,592	54,592
Intergovernmental Payables	-	-	-	-	-
Deposits Held in Trust	1,095	27,222	469	750,918	779,704
Other Liabilities	2	381,777	419	541,730	923,928
<b>Total Liabilities</b>	<u>\$ 1,097</u>	<u>\$ 446,360</u>	<u>\$ 4,091</u>	<u>\$ 2,378,788</u>	<u>\$ 2,830,336</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

### AGENCY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>CULTURE, RECREATION, AND NATURAL RESOURCES</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 420	\$ 261	\$ 22	\$ 659
Investment in State General Fund Investment Pool	350		-	350
Receivables, Net	87	1	-	88
<b>Total Assets</b>	<u>\$ 857</u>	<u>\$ 262</u>	<u>\$ 22</u>	<u>\$ 1,097</u>
<b>Liabilities</b>				
Deposits Held in Trust	\$ 443	\$ 674	\$ 22	\$ 1,095
Other Liabilities	414	-	412	2
<b>Total Liabilities</b>	<u>\$ 857</u>	<u>\$ 674</u>	<u>\$ 434</u>	<u>\$ 1,097</u>

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>OTHER AGENCY</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 129	\$ 33,883	\$ 24,116	\$ 9,896
Investment in State General Fund Investment Pool	223,746	1,659,939	1,605,284	278,401
Investments	21,970	295	931	21,334
Due From Other Funds	34,017	20,124	33,229	20,912
Receivables, Net	91,627	124,454	100,264	115,817
<b>Total Assets</b>	<u>\$ 371,489</u>	<u>\$ 1,838,695</u>	<u>\$ 1,763,824</u>	<u>\$ 446,360</u>
<b>Liabilities</b>				
Accounts Payable	\$ 43,662	-	\$ 43,662	-
Accrued Liabilities	356	-	356	-
Due to Other Funds	69,053	1,023,307	1,054,999	37,361
Due to Beneficiaries	225,504	-	225,504	-
Intergovernmental Payables	7,711	-	7,711	-
Deposits Held in Trust	24,967	84,739	82,484	27,222
Other Liabilities	236	1,127,759	746,218	381,777
<b>Total Liabilities</b>	<u>\$ 371,489</u>	<u>\$ 2,235,805</u>	<u>\$ 2,160,934</u>	<u>\$ 446,360</u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)

### AGENCY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>RECEIPTS PENDING DISTRIBUTION OF FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 976	\$ 22,453	\$ 22,564	\$ 865
Investment in State General Fund Investment Pool	18,104	350,609	366,308	2,405
Investment in Local Government Investment Pool	474	22	474	22
Due From Other Funds	117	136	1	252
Receivables, Net	615	1,307	1,375	547
<b>Total Assets</b>	<u>\$ 20,286</u>	<u>\$ 374,527</u>	<u>\$ 390,722</u>	<u>\$ 4,091</u>
<b>Liabilities</b>				
Accounts Payable	\$ 74	-	\$ 74	-
Due to Other Funds	17,803	27,275	41,875	3,203
Intergovernmental Payables	26	-	26	-
Deposits Held in Trust	1,786	151,960	153,277	469
Other Liabilities	597	1,785	1,963	419
<b>Total Liabilities</b>	<u>\$ 20,286</u>	<u>\$ 181,020</u>	<u>\$ 197,215</u>	<u>\$ 4,091</u>
	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>SUSPENSE RELATED FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 470,494	\$ 96,233	\$ 55,111	\$ 511,616
Investment in State General Fund Investment Pool	798,121	8,816,341	8,777,726	836,736
Investment in Local Government Investment Pool	3,162	507	3,162	507
Due From Other Funds	109,246	425,999	503,172	32,073
Receivables, Net	-	2,508,725	1,510,869	997,856
<b>Total Assets</b>	<u>\$ 1,381,023</u>	<u>\$ 11,847,805</u>	<u>\$ 10,850,040</u>	<u>\$ 2,378,788</u>
<b>Liabilities</b>				
Accounts Payable	\$ 77	-	\$ 77	-
Accrued Liabilities	2,075	-	2,075	-
Due to Other Funds	149,361	1,980,278	1,098,091	1,031,548
Due to Taxpayer	207,885	54,592	207,885	54,592
Intergovernmental Payables	323,715	-	323,715	-
Deposits Held in Trust	697,678	7,765,221	7,711,981	750,918
Other Liabilities	232	1,967,195	1,425,697	541,730
<b>Total Liabilities</b>	<u>\$ 1,381,023</u>	<u>\$ 11,767,286</u>	<u>\$ 10,769,521</u>	<u>\$ 2,378,788</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED)

### AGENCY FUNDS

For the Year Ended June 30, 2013

(In Thousands)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 472,019	\$ 152,830	\$ 101,813	\$ 523,036
Investment in State General Fund Investment Pool	1,040,321	10,826,889	10,749,318	1,117,892
Investment in Local Government Investment Pool	3,636	529	3,636	529
Investments	21,970	295	931	21,334
Due From Other Funds	143,380	446,259	536,402	53,237
Receivables, Net	92,329	2,634,487	1,612,508	1,114,308
Other Assets	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,773,655</u>	<u>\$ 14,061,289</u>	<u>\$ 13,004,608</u>	<u>\$ 2,830,336</u>
<b>Liabilities</b>				
Accounts Payable	\$ 43,813	\$ -	\$ 43,813	\$ -
Accrued Liabilities	2,431	-	2,431	-
Due to Other Funds	236,217	3,030,860	2,194,965	1,072,112
Due to Beneficiaries	225,504	-	225,504	-
Due to Taxpayers	207,885	54,592	207,885	54,592
Intergovernmental Payables	331,452	-	331,452	-
Deposits Held in Trust	724,874	8,002,594	7,947,764	779,704
Other Liabilities	1,479	3,096,739	2,174,290	923,928
<b>Total Liabilities</b>	<u>\$ 1,773,655</u>	<u>\$ 14,184,785</u>	<u>\$ 13,128,104</u>	<u>\$ 2,830,336</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF STATE GENERAL FUND INVESTMENT POOL (SGFIP) - BY PARTICIPANT

For the Year Ended June 30, 2013

(In Thousands)

<b>Business Unit</b>	<b>Agency Name - Participant</b>	<b>Interest in SGFIP Per Participant's Audit Report</b>
11100	Legislative Council Service	\$ 2,077
11200	Legislative Finance Committee	125
11400	Legislative Council Service - Permanent Senate Chief	334
11500	Legislative Council Service - Permanent House Chief	156
11700	Legislative Education Study Commission	109
11900	Legislative Building Services	3,671
13100	Legislature - Staff	7,500
13101	Legislature - Senate	972
13102	Legislature - House	636
20500	Supreme Court Law Library	221
20800	Compilation Commission	1,351
21000	Judicial Standards Commission	17
21500	Court of Appeals	215
21600	Supreme Court	139
21800	Administrative Office of the Courts	11,222
21801	Administrative Office of the Courts - Fiduciary Funds	3,336
21900	Supreme Court Building Commission	36
23100	First Judicial District Court	481
23200	Second Judicial District Court	478
23300	Third Judicial District Court	517
23400	Fourth Judicial District Court	90
23500	Fifth Judicial District Court	278
23600	Sixth Judicial District Court	156
23700	Seventh Judicial District Court	293
23800	Eighth Judicial District Court	227
23900	Ninth Judicial District Court	178
24000	Tenth Judicial District Court	39
24100	Eleventh Judicial District Court	311
24200	Twelfth Judicial District Court	241
24300	Thirteenth Judicial District Court	397
24400	Bernalillo County Metropolitan Court	1,562
25100	First Judicial District Attorney	354
25200	Second Judicial District Attorney	505
25300	Third Judicial District Attorney	256
25400	Fourth Judicial District Attorney	168
25500	Fifth Judicial District Attorney	344
25600	Sixth Judicial District Attorney	263
25700	Seventh Judicial District Attorney	91

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF STATE GENERAL FUND INVESTMENT POOL (SGFIP) - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

Business Unit	Agency Name - Participant	Interest in SGFIP	
		Per	Participant's Audit Report
25800	Eighth Judicial District Attorney	\$	81
25900	Ninth Judicial District Attorney		178
26000	Tenth Judicial District Attorney		37
26100	Eleventh Judicial District Attorney, Division I		1,085
26200	Twelfth Judicial District Attorney		280
26300	Thirteenth Judicial District Attorney		503
26400	Administrative Office of the District Attorneys		915
26500	Eleventh Judicial District Attorney, Division II		300
30500	Office of the Attorney General		10,783
30800	Office of the State Auditor		776
33300	Taxation and Revenue Department		862,365
33700	State Investment Council		62,447
34100	Department of Finance and Administration		96,319
34101	State General Fund		(347,707)
34103	Department of Finance and Administration - Bond Funds		-
34200	Public Schools Insurance Authority		549
34300	Retiree Health Care Authority		28,348
35000	General Services Department		118,440
35200	Educational Retirement Board		5,354
35400	Sentencing Commission		85
35500	Public Defender Department		2,826
35600	Office of the Governor		572
36000	Office of the Lieutenant Governor		146
36100	Department of Information Technology		25,117
36200	Computing Applications Center		-
36600	Public Employees Retirement Association		7,330
36900	State Commission of Public Records		614
37000	Secretary of State		2,605
37800	State Personnel Board		565
37900	Public Employee Labor Relations Board		23
38500	New Mexico Finance Authority		-
39400	Office of the State Treasurer		219
40400	Board of Examiners for Architects		593
41600	New Mexico Space Port Authority		-
41600	NM Sports Authority		-
41700	Border Authority		1,320
41800	Tourism Department		3,587
41900	Economic Development Department		19,423

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF STATE GENERAL FUND INVESTMENT POOL (SGFIP) - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

Business Unit	Agency Name - Participant	Interest in SGFIP
		Per Participant's Audit Report
42000	Regulation and Licensing Department	\$ 29,365
43000	Public Regulation Commission	94,086
44600	Medical Board	2,288
44900	Board of Nursing	1,537
46000	State Fair	-
46400	State Board of Licensure for Professional Engineers	2,569
46500	Gaming Control Board	634
46900	State Racing Commission	901
47900	Board of Veterinary Medicine	143
49100	Military Homebase Planning	56
49500	Spaceport Authority	653
50500	Department of Cultural Affairs	-
50800	Livestock Board	3,036
51600	Department of Game and Fish	55,926
52100	Energy, Minerals and Natural Resources Department	43,420
52200	Youth Conservation Corps	-
52200	Youth Conservation Corps	3,043
53800	Inter Tribal Ceremony	4
53900	Commissioner of Public Lands	153,947
55000	Office of the State Engineer	48,881
56900	New Mexico Organic Commodity Commission	-
56900	NM Organic Commodity Commission	-
60100	Commission on the Status of Women	184
60300	Office of African American Affairs	202
60400	Commission of for Deaf and Hard of Hearing	5,799
60500	Martin Luther Kings, Jr. Commission	-
60600	Commission for the Blind	346
60900	Indian Affairs Department	2,888
62400	Aging and Long-Term Services Department	1,147
63000	Human Services Department	2,671
63100	Department of Workforce Solutions	16,481
63200	Workers' Compensation Administration	8,464
63500	Office of Workforce Training and Development	-
63500	Workforce Training Development Center	-
64400	Division of Vocational Rehabilitation	9,606
64500	Governor's Commission on Disability	946
64700	Development Disabilities Planning Council	-
66200	Miners' Colfax Medical Center	4,090

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF STATE GENERAL FUND INVESTMENT POOL (SGFIP) - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

<b>Business Unit</b>	<b>Agency Name - Participant</b>	<b>Interest in SGFIP Per Participant's Audit Report</b>
66500	Department of Health	\$ 68,782
66700	Environment Department	157,905
66800	Office of Natural Resources Trustee	15,736
66900	Health Policy Commission	-
67000	Department of Veteran's Services	604
69000	Children, Youth and Families Department	34,823
70500	Department of Military Affairs	1,185
76000	Adult Parole Board	72
76500	Juvenile Parole Board	10
77000	Corrections Department	48,461
78000	Crime Victims Reparation Commission	430
79000	Department of Public Safety	11,421
79500	Department of Homeland Security	10,211
80500	Department of Transportation	252,095
92400	Public Education Department	106,517
92500	Beef Council	-
94000	Public School Facilities Authority	467
94900	Education Trust Board	524
95000	Higher Education Department	51,028
	Total Interest in State General Fund Investment Pool by Participant	<u>\$ 2,199,008</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF CONSOLIDATED INVESTMENT POOL - BY PARTICIPANT

For the Year Ended June 30, 2013

(In Thousands)

<u>Business Unit</u>	<u>Agency Name - Participant</u>	<u>Interest in SGFIP Per Participant's Audit Report</u>
34103/0010	DFA - BOF - Capital Projects Funds	\$ 186
34103/0190	DFA - BOF - Capital Projects Funds	6,179
34103/0220	DFA - BOF - Capital Projects Funds	-
34103/0270	DFA - BOF - Capital Projects Funds	638
34103/0330	DFA - BOF - Capital Projects Funds	-
34103/0400	DFA - BOF - Capital Projects Funds	3
34103/0410	DFA - BOF - Capital Projects Funds	-
34103/0540	DFA - BOF - Capital Projects Funds	-
34103/0620	DFA - BOF - Capital Projects Funds	-
34103/1059	DFA - BOF - Capital Projects Funds	2,256
34103/1071	DFA - BOF - Capital Projects Funds	3,711
34103/1072	DFA - BOF - Capital Projects Funds	-
34103/1073	DFA - BOF - Capital Projects Funds	3,436
34103/1074	DFA - BOF - Capital Projects Funds	18,321
34103/1081	DFA - BOF - Capital Projects Funds	-
34103/1091	DFA - BOF - Capital Projects Funds	12,804
34103/1092	DFA - BOF - Capital Projects Funds	34,350
34103/1093	DFA - BOF - Capital Projects Funds	236
34103/1116	DFA - BOF - Capital Projects Funds	11,687
34103/1117	DFA - BOF - Capital Projects Funds	-
34103/1129	DFA - BOF - Capital Projects Funds	25,701
34103/1131	DFA - BOF - Capital Projects Funds	10,597
34103/1133	DFA - BOF - Capital Projects Funds	154,608
34103/1135	DFA - BOF - Capital Projects Funds	31,693
34103/1143	DFA - BOF - Capital Projects Funds	50,025
34103/1144	DFA - BOF - Capital Projects Funds	53,635
34103/1145	DFA - BOF - Capital Projects Funds	48,764
34103/1156	DFA - BOF - Capital Projects Funds	42,639
34103/1157	DFA - BOF - Capital Projects Funds	37,124
34103/1158	DFA - BOF - Capital Projects Funds	13,478
34103/1167	DFA - BOF - Capital Projects Funds	138,870
34103/1172	DFA - BOF - Capital Projects Funds	4,002
34103/1173	DFA - BOF - Capital Projects Funds	73,829
34103/1174	DFA - BOF - Capital Projects Funds	120,333
34103/2290	DFA - BOF - Capital Projects Funds	267
34103/3010	DFA - BOF - Capital Projects Funds	500
34103/3020	DFA - BOF - Capital Projects Funds	178
34103/3088	DFA - BOF - Capital Projects Funds	-

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF CONSOLIDATED INVESTMENT POOL - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

Business Unit	Agency Name - Participant	Interest in SGFIP Per Participant's Audit Report
34103/3089	DFA - BOF - Capital Projects Funds	\$ 78,825
34103/3120	DFA - BOF - Capital Projects Funds	-
34103/4030	DFA - BOF - Capital Projects Funds	1,102
34103/4070	DFA - BOF - Capital Projects Funds	79
34103/5630	DFA - BOF - Capital Projects Funds	51
34103/5740	DFA - BOF - Capital Projects Funds	58
34103/5880	DFA - BOF - Capital Projects Funds	10
34103/6090	DFA - BOF - Capital Projects Funds	16,871
34103/6091	DFA - BOF - Capital Projects Funds	5,163
34103/6093	DFA - BOF - Capital Projects Funds	4,872
34103/6210	DFA - BOF - Capital Projects Funds	-
34103/6260	DFA - BOF - Capital Projects Funds	-
34103/6270	DFA - BOF - Capital Projects Funds	-
34103/6300	DFA - BOF - Capital Projects Funds	-
34103/6530	DFA - BOF - Capital Projects Funds	4,225
34103/6630	DFA - BOF - Capital Projects Funds	3,045
34103/6640	DFA - BOF - Capital Projects Funds	4,585
34103/6660	DFA - BOF - Capital Projects Funds	-
34103/7080	DFA - BOF - Capital Projects Funds	-
34103/7320	DFA - BOF - Capital Projects Funds	204
34103/7330	DFA - BOF - Capital Projects Funds	-
34103/7460	DFA - BOF - Capital Projects Funds	-
34103/7620	DFA - BOF - Capital Projects Funds	-
34103/7950	DFA - BOF - Capital Projects Funds	-
34103/8030	DFA - BOF - Capital Projects Funds	1,489
34103/8050	DFA - BOF - Capital Projects Funds	-
34103/8090	DFA - BOF - Capital Projects Funds	-
34103/8150	DFA - BOF - Capital Projects Funds	3,935
34103/8210	DFA - BOF - Capital Projects Funds	1,189
34103/8860	DFA - BOF - Capital Projects Funds	-
34103/9685	DFA - BOF - Capital Projects Funds	5,728
34103/9686	DFA - BOF - Capital Projects Funds	636
34103/9960	DFA - BOF - Capital Projects Funds	-
34103	Subtotal - DFA Capital Project Funds	1,032,117
39400/0200	STO - Bond Obligations - Debt Service Funds	2,369
39400/0310	STO - Bond Obligations - Debt Service Funds	782
39400/0320	STO - Bond Obligations - Debt Service Funds	984
39400/0950	STO - Bond Obligations - Debt Service Funds	-



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF CONSOLIDATED INVESTMENT POOL - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

<b>Business Unit</b>	<b>Agency Name - Participant</b>	<b>Interest in SGFIP Per Participant's Audit Report</b>
39400/1063	STO - Bond Obligations - Debt Service Funds	\$ 2,293
39400/1065	STO - Bond Obligations - Debt Service Funds	33
39400/1075	STO - Bond Obligations - Debt Service Funds	34,372
39400/1077	STO - Bond Obligations - Debt Service Funds	-
39400/1095	STO - Bond Obligations - Debt Service Funds	14,374
39400/1096	STO - Bond Obligations - Debt Service Funds	11,398
39400/1119	STO - Bond Obligations - Debt Service Funds	9,377
39400/1128	STO - Bond Obligations - Debt Service Funds	29,408
39400/1132	STO - Bond Obligations - Debt Service Funds	(1)
39400/1148	STO - Bond Obligations - Debt Service Funds	2,949
39400/1162	STO - Bond Obligations - Debt Service Funds	(336)
39400/1163	STO - Bond Obligations - Debt Service Funds	843
39400/1168	STO - Bond Obligations - Debt Service Funds	135
39400/1830	STO - Bond Obligations - Debt Service Funds	1,167
39400/1840	STO - Bond Obligations - Debt Service Funds	-
39400/1850	STO - Bond Obligations - Debt Service Funds	-
39400/1860	STO - Bond Obligations - Debt Service Funds	-
39400/2880	STO - Bond Obligations - Debt Service Funds	3,047
39400/2890	STO - Bond Obligations - Debt Service Funds	-
39400/2900	STO - Bond Obligations - Debt Service Funds	-
39400/3082	STO - Bond Obligations - Debt Service Funds	1,824
39400/3083	STO - Bond Obligations - Debt Service Funds	4,075
39400/3230	STO - Bond Obligations - Debt Service Funds	-
39400/3880	STO - Bond Obligations - Debt Service Funds	2
39400/3890	STO - Bond Obligations - Debt Service Funds	-
39400/3900	STO - Bond Obligations - Debt Service Funds	-
39400/3920	STO - Bond Obligations - Debt Service Funds	-
39400/3930	STO - Bond Obligations - Debt Service Funds	-
39400/4050	STO - Bond Obligations - Debt Service Funds	-
39400/4060	STO - Bond Obligations - Debt Service Funds	-
39400/4080	STO - Bond Obligations - Debt Service Funds	-
39400/4100	STO - Bond Obligations - Debt Service Funds	17,101
39400/4110	STO - Bond Obligations - Debt Service Funds	1
39400/4120	STO - Bond Obligations - Debt Service Funds	103
39400/4130	STO - Bond Obligations - Debt Service Funds	5
39400/4140	STO - Bond Obligations - Debt Service Funds	339
39400/4150	STO - Bond Obligations - Debt Service Funds	-
39400/4180	STO - Bond Obligations - Debt Service Funds	8,217

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION SCHEDULE OF CONSOLIDATED INVESTMENT POOL - BY PARTICIPANT (CONTINUED)

For the Year Ended June 30, 2013

(In Thousands)

<b>Business Unit</b>	<b>Agency Name - Participant</b>	<b>Interest in SGFIP Per Participant's Audit Report</b>
39400/4190	STO - Bond Obligations - Debt Service Funds	\$ 153
39400/4200	STO - Bond Obligations - Debt Service Funds	13
39400/4260	STO - Bond Obligations - Debt Service Funds	829
39400/4270	STO - Bond Obligations - Debt Service Funds	-
39400/4610	STO - Bond Obligations - Debt Service Funds	-
39400/4630	STO - Bond Obligations - Debt Service Funds	-
39400/4820	STO - Bond Obligations - Debt Service Funds	-
39400/4830	STO - Bond Obligations - Debt Service Funds	45
39400/4840	STO - Bond Obligations - Debt Service Funds	1,268
39400/4880	STO - Bond Obligations - Debt Service Funds	112
39400/4920	STO - Bond Obligations - Debt Service Funds	-
39400/5370	STO - Bond Obligations - Debt Service Funds	45
39400/5380	STO - Bond Obligations - Debt Service Funds	-
39400/5700	STO - Bond Obligations - Debt Service Funds	11
39400/5710	STO - Bond Obligations - Debt Service Funds	1
39400/6850	STO - Bond Obligations - Debt Service Funds	-
39400/6990	STO - Bond Obligations - Debt Service Funds	-
39400/7120	STO - Bond Obligations - Debt Service Funds	-
39400/7201	STO - Bond Obligations - Debt Service Funds	14,954
39400/7205	STO - Bond Obligations - Debt Service Funds	-
39400/7207	STO - Bond Obligations - Debt Service Funds	2
39400/7300	STO - Bond Obligations - Debt Service Funds	-
39400/7301	STO - Bond Obligations - Debt Service Funds	1,063
39400/7303	STO - Bond Obligations - Debt Service Funds	221
39400/7410	STO - Bond Obligations - Debt Service Funds	-
39400/8010	STO - Bond Obligations - Debt Service Funds	-
39400/8730	STO - Bond Obligations - Debt Service Funds	-
39400/8840	STO - Bond Obligations - Debt Service Funds	-
39400/8900	STO - Bond Obligations - Debt Service Funds	-
39400/9600	STO - Bond Obligations - Debt Service Funds	7
39400/9630	STO - Bond Obligations - Debt Service Funds	2
39400/9640	STO - Bond Obligations - Debt Service Funds	39
	Subtotal -STO - Bond Obligations - Debt Service Funds	<u>163,626</u>
<b>Total Interest in Consolidated Investment Pool by Participant</b>		<u>\$ 1,195,743</u>

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

# STATISTICAL SECTION



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# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### INDEX TO STATISTICAL SECTION

The Statistical Section provides additional historical context and detail to aid in using the information in the financial statements, notes to the financial statements and required supplementary information for the primary government of the State of New Mexico in understanding and assessing the State's overall financial health.

#### Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### INDEX TO STATISTICAL SECTION

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#### Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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#### Other Information

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State of New Mexico Comprehensive Annual Financial Report.

Note: The statements which comprise the Statistical Section have not been audited.

# STATE OF NEW MEXICO

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012, as Restated	2011, as Restated	2010, as Restated	2009, as Restated
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 5,552,572	\$ 6,463,198	\$ 6,671,011	\$ 6,994,968	\$ 6,995,306
Restricted	4,774,368	5,542,541	5,685,913	4,868,634	4,530,761
Unrestricted	2,417,608	450,731	261,333	(108,104)	606,498
Total Governmental Activities Net Position	<u>\$ 12,744,548</u>	<u>\$ 12,456,470</u>	<u>\$ 12,618,257</u>	<u>\$ 11,755,498</u>	<u>\$ 12,132,565</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 1,507,921	\$ 1,488,738	\$ 1,491,224	1,453,705	\$ 1,381,260
Restricted	2,143,068	1,471,752	1,978,206	1,841,424	1,853,252
Unrestricted	697,511	1,256,024	767,876	731,394	659,451
Total Business-type Activities Net Position	<u>\$ 4,348,500</u>	<u>\$ 4,216,514</u>	<u>\$ 4,237,306</u>	<u>\$ 4,026,523</u>	<u>\$ 3,893,963</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 7,060,493	\$ 7,951,936	\$ 8,162,235	8,448,673	\$ 8,376,566
Restricted	6,917,436	7,014,293	7,664,119	6,710,058	6,384,013
Unrestricted	3,115,119	1,706,755	1,029,209	623,290	1,265,949
Total Primary Government Net Position	<u>\$ 17,093,048</u>	<u>\$ 16,672,984</u>	<u>\$ 16,855,563</u>	<u>\$ 15,782,021</u>	<u>\$ 16,026,528</u>

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**SCHEDULE A-1**

(Accrual Basis of Accounting)

<b>Fiscal Year</b>				
<b>2008, as Restated</b>	<b>2007, as Restated</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 6,204,269	\$ 5,516,914	\$ 5,724,003	\$ 6,689,355	\$ 7,187,781
7,558,292	8,828,955	6,427,635	5,282,593	5,301,338
486,879	214,145	752,605	762,177	171,430
<u>\$ 14,249,440</u>	<u>\$ 14,560,014</u>	<u>\$ 12,904,243</u>	<u>\$ 12,734,125</u>	<u>\$ 12,660,549</u>
\$ 1,090,692	\$ 940,608	\$ 945,940	\$ 885,520	\$ 955,999
2,610,808	2,422,434	2,145,306	1,391,203	1,561,273
471,516	657,530	489,752	979,918	624,269
<u>\$ 4,173,016</u>	<u>\$ 4,020,572</u>	<u>\$ 3,580,998</u>	<u>\$ 3,256,641</u>	<u>\$ 3,141,541</u>
\$ 7,294,961	\$ 6,457,522	\$ 6,669,943	\$ 7,574,875	\$ 8,143,780
10,169,100	11,251,389	8,572,941	6,673,796	6,862,611
958,395	871,675	1,242,357	1,742,095	795,699
<u>\$ 18,422,456</u>	<u>\$ 18,580,586</u>	<u>\$ 16,485,241</u>	<u>\$ 15,990,766</u>	<u>\$ 15,802,090</u>



# STATE OF NEW MEXICO

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012, as Restated	2011, as Restated	2010	2009, as Restated
<b>Program Expenses</b>					
Governmental Activities:					
General Control	\$ 1,254,250	\$ 1,311,355	\$ 1,217,362	\$ 1,197,734	\$ 1,313,985
Culture, Recreation, and Natural Resources	187,209	308,748	226,366	227,367	216,328
Highway and Transportation	1,023,696	945,406	905,469	1,007,714	939,111
Judicial	235,363	230,465	237,705	244,824	252,343
Legislative	25,774	24,047	26,147	25,474	27,766
Public Safety	469,359	441,675	449,734	456,583	505,599
Regulation and Licensing	104,919	145,748	105,199	117,728	132,021
Health and Human Services	5,777,302	5,603,724	5,631,423	5,995,540	5,297,968
Education	3,215,643	3,117,733	3,180,978	3,325,810	3,277,536
Unemployment Benefits	-	-	15,809 +	11,537	1,986
Interest	110,413	119,779	154,043	130,997	117,338
Provision for Potential Loss -					
State General Fund Investment Pool	-	101,735	-	-	-
Indian Water Settlement	-	91,400	-	-	-
<b>Total Governmental Activities Expenses</b>	<u>12,403,928</u>	<u>12,441,815</u>	<u>12,150,235</u>	<u>12,741,308</u>	<u>12,081,981</u>
Business-type Activities:					
Educational Institutions	2,845,355	2,768,492	2,761,289	2,678,999	2,668,110
Public Schools Insurance	331,783	322,904	320,762	298,852	334,740
Environmental Loans	673	874	14,908	7,581	863
Lottery	-	-	- #	99,997	101,750
Miners' Colfax Medical Center	23,229	22,608	24,706	24,896	26,908
Unemployment Insurance	356,558	546,600	742,883	781,494	368,957
State Fair	14,613	16,115	16,031	18,916	20,025
Other Business-type Activities	9,934	10,387	11,988	8,726	9,909
<b>Total Business-type Activity Expenses</b>	<u>3,582,145</u>	<u>3,687,980</u>	<u>3,892,567</u>	<u>3,919,461</u>	<u>3,531,262</u>
<b>Total Primary Government Expenses</b>	<u>\$ 15,986,073</u>	<u>\$ 16,129,795</u>	<u>\$ 16,042,802</u>	<u>\$ 16,660,769</u>	<u>\$ 15,613,243</u>

# In fiscal year 2011, the New Mexico Lottery Authority was determined to be a discrete component unit. Prior to fiscal year 2011, the New Mexico Lottery Authority was considered to be a blended component unit and was presented as a nonmajor proprietary fund.

+In 2010, the President of the United States signed into law the American Recovery and Reinvestment Act (ARRA) of 2010. The State accounts for all ARRA revenue and expenditures under fund 89000, which is classified as a special revenue fund. Under ARRA, the State received federal unemployment monies that were accounted for in fund 89000. The Unemployment expenditures reported in the governmental activities represent funds from ARRA.

\*In fiscal year 2006, the Unemployment fund was determined to be a nonmajor propriety fund.

## SCHEDULE A-2

(Accrual Basis of Accounting)

Fiscal Year				
2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated
\$ 1,020,981	\$ 921,198	\$ 869,013	\$ 882,809	\$ 537,442
215,727	263,457	202,330	185,303	183,074
999,407	1,126,085	1,027,618	877,638	785,042
231,571	215,954	194,452	184,319	168,013
22,236	22,079	14,052	12,412	12,036
453,297	451,320	390,557	378,394	345,779
119,865	115,717	97,956	88,722	81,551
4,854,810	4,471,413	4,055,602	3,729,641	3,732,015
3,221,028	2,987,212	2,902,753	2,637,052	2,611,476
-	-	-	-	-
175,364	547,366	92,505	125,476	132,440
-	-	-	-	-
-	-	-	-	-
11,314,286	11,121,801	9,846,838	9,101,766	8,588,868
2,921,387	2,273,301	2,142,898	1,996,827	1,876,567
309,955	283,995	259,513	247,248	223,798
8,433	429	565	328	374
106,997	113,963	113,721	102,512	106,661
24,459	19,477	21,511	19,408	18,173
159,776	120,931	109,936 *	129,422	159,954
19,381	17,626	17,639	15,931	15,891
10,347	9,643	10,154	9,880	9,491
3,560,735	2,839,365	2,675,937	2,521,556	2,410,909
\$ 14,875,021	\$ 13,961,166	\$ 12,522,775	\$ 11,623,322	\$ 10,999,777

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012, as Restated	2011	2010	2009, as Restated
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Control	\$ 784,337	\$ 305,992	\$ 187,280	\$ 196,030	\$ 246,637
Culture, Recreation, and Natural Resources	89,063	134,163	125,711	151,080	174,137
Highway and Transportation	185,593	268,612	272,038	78,887	162,366
Judicial	109,660	177,156	151,097	172,084	206,442
Public Safety	263,568	363,078	355,965	328,297	494,388
Regulation and Licensing	65,646	95,278	138,848	90,715	110,738
Health and Human Services	133,060	167,230	275,408	361,077	101,945
Education	5,329	4,899	6,252	279	2,071
Operating Grants and Contributions	4,777,647	4,578,609	5,220,477	5,331,479	4,272,942
Capital Grants and Contributions	210,500	447,962	369,813	376,259	388,792
<b>Total Governmental Activities</b>					
<b>Program Revenues</b>	<u>6,624,403</u>	<u>6,542,979</u>	<u>7,102,889</u>	<u>7,086,187</u>	<u>6,160,458</u>
Business-type Activities:					
Charges for Services					
Educational Institutions	1,359,675	1,289,871	1,169,885	1,116,796	1,104,240
Public Schools Insurance	321,549	322,593	326,622	322,741	320,132
Lottery	-	-	- #	143,539	142,316
Environmental Loans	4,423	4,384	4,215	-	-
Miners' Colfax Medical Center	21,784	23,455	22,442	20,588	15,650
Unemployment Insurance	223,057	216,824	-	-	35
Retiree Health Care	-	-	-	-	-
State Fair	12,142	13,831	11,983	13,859	14,489
Other Business-type Activities	10,562	10,260	11,218	11,883	8,812
Operating Grants and Contributions	751,861	1,041,706	1,306,820	1,188,887	692,833
Capital Grants and Contributions	8,392	16,132	998	26,966	29,682
<b>Total Business-type Activities</b>					
<b>Program Revenues</b>	<u>2,713,445</u>	<u>2,939,056</u>	<u>2,854,183</u>	<u>2,845,259</u>	<u>2,328,189</u>
<b>Total Primary Government</b>					
<b>Program Revenues</b>	<u>\$ 9,337,848</u>	<u>\$ 9,482,035</u>	<u>\$ 9,957,072</u>	<u>\$ 9,931,446</u>	<u>\$ 8,488,647</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (5,779,525)	\$ (5,898,836)	\$ (5,047,346)	(5,655,121)	\$ (5,921,523)
Business-type Activities	<u>(868,700)</u>	<u>(748,924)</u>	<u>(1,038,384)</u>	<u>(1,074,202)</u>	<u>(1,203,073)</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (6,648,225)</u>	<u>\$ (6,647,760)</u>	<u>\$ (6,085,730)</u>	<u>\$ (6,729,323)</u>	<u>\$ (7,124,596)</u>

# In fiscal year 2011, the New Mexico Lottery Authority was determined to be a discrete component unit. Prior to fiscal year 2011, the New Mexico Lottery Authority was considered to be a blended component unit and was presented as a nonmajor proprietary fund.

## SCHEDULE A-2 (Continued)

(Accrual Basis of Accounting)

		Fiscal Year							
		2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated			
\$	381,779	\$	804,054	\$	865,759	\$	551,802	\$	426,919
	160,091		101,262		109,033		69,493		53,766
	146,165		24,988		26,906		17,149		13,268
	167,600		5,555		5,981		3,812		2,949
	409,075		50,527		54,404		34,675		26,828
	107,218		62,983		67,816		43,223		33,441
	86,810		73,499		79,139		50,440		39,025
	1,170		82,553		88,888		56,654		43,832
	3,715,696		3,416,802		3,283,620		3,268,985		3,182,126
	311,661		290,317		323,013		275,053		292,847
	<u>5,487,265</u>		<u>4,912,540</u>		<u>4,904,559</u>		<u>4,371,286</u>		<u>4,115,001</u>
	997,629		768,176		1,316,416		1,296,603		778,643
	293,758		288,168		260,972		245,390		226,622
	147,152		148,080		150,043		134,469		142,317
	-		69		155		4,914		69
	15,022		16,720		19,265		16,149		13,774
	-		103,718		94,289		85,858		80,706
	-		-		-		-		-
	12,763		15,632		15,892		14,629		13,998
	9,312		8,955		9,364		9,328		9,100
	454,131		650,982		120,205		35,418		460,203
	73,918		99,347		28,934		30,553		20,699
	<u>2,003,685</u>		<u>2,099,847</u>		<u>2,015,535</u>		<u>1,873,311</u>		<u>1,746,131</u>
\$	<u>7,490,950</u>	\$	<u>7,012,387</u>	\$	<u>6,920,094</u>	\$	<u>6,244,597</u>	\$	<u>5,861,132</u>
\$	(5,827,021)	\$	(6,209,261)	\$	(4,942,279)	\$	(4,730,480)	\$	(4,473,867)
	<u>(1,557,050)</u>		<u>(739,518)</u>		<u>(660,402)</u>		<u>(648,245)</u>		<u>(664,778)</u>
\$	<u>(7,384,071)</u>	\$	<u>(6,948,779)</u>	\$	<u>(5,602,681)</u>	\$	<u>(5,378,725)</u>	\$	<u>(5,138,645)</u>

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012, as Restated	2011	2010	2009, as Restated
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Individual Income Tax	\$ 1,236,015	\$ 1,189,273	\$ 1,088,300	\$ 956,560	\$ 918,090
Corporate Income Tax	277,029	270,118	238,452	125,101	192,487
Sales and Use Tax	1,985,601	522,847	444,717	737,996	1,831,946
Business Privilege	1,236,248	2,372,984	2,272,909	2,071,687	1,341,753
Severance	-	-	-	-	-
Other Taxes	500,372	989,407	872,196	475,961	523,085
Tribal Gaming Revenue	-	-	-	-	-
Investment Income	1,208,035	708,673	1,618,785	1,252,935	(373,965)
Other Revenue (Expense)	271,525	304,819	103,917	183,159	134,477
Loss on Disposal of Capital Assets	-	-	-	-	-
Transfers	(647,222)	(544,880)	(704,549)	(723,795)	(763,662)
<b>Total Governmental Activities</b>	<u>6,067,603</u>	<u>5,813,241</u>	<u>5,934,727</u>	<u>5,079,604</u>	<u>3,804,211</u>
Business-type Activities:					
Taxes					
Other Taxes	-	-	207,140	188,465	193,380
Non-Operating Grants and Contracts	-	-	-	-	-
Investment Income (Loss)	214,413	70,774	261,972	220,917	(188,463)
Other Revenue	139,051	27,713	75,506	103,066	93,204
Transfers	647,222	629,645	704,549	723,795	763,662
<b>Total Business-type Activities</b>	<u>1,000,686</u>	<u>728,132</u>	<u>1,249,167</u>	<u>1,236,243</u>	<u>861,783</u>
<b>Total Primary Government</b>	<u>\$ 7,068,289</u>	<u>\$ 6,541,373</u>	<u>\$ 7,183,894</u>	<u>\$ 6,315,847</u>	<u>\$ 4,665,994</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 288,078	\$ (85,595)	\$ 887,381	\$ (575,517)	\$ (2,117,312)
Business-type Activities	131,986	(20,792)	210,783	162,041	(341,290)
Total Primary Government	<u>\$ 420,064</u>	<u>\$ (106,387)</u>	<u>\$ 1,098,164</u>	<u>\$ (413,476)</u>	<u>\$ (2,458,602)</u>

## SCHEDULE A-2 (Continued)

(Accrual Basis of Accounting)

		Fiscal Year				
2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated		
\$ 1,618,406	\$ 1,520,214	\$ 1,543,262	\$ 1,089,031	\$ 1,090,733		
403,525	453,857	374,957	244,371	131,897		
397,894	403,909	388,739	368,716	327,878		
3,319,760	2,962,550	2,370,530	1,970,239	1,821,396		
-	-	-	-	-		
38,706	30,683	30,683	507,381	360,940		
-	-	-	-	-		
595,463	1,622,183	1,203,881	994,872	1,071,990		
(114,555)	276,242	(264,596)	239,724	181,707		
-	-	-	-	-		
(692,490)	(560,187)	(533,035)	(495,101)	(481,507)		
<u>5,566,709</u>	<u>6,709,451</u>	<u>5,114,421</u>	<u>4,919,233</u>	<u>4,505,034</u>		
-	-	-	-	-		
-	-	-	-	-		
170,050	318,922	129,014	115,187	134,001		
424,018	299,983	259,303	154,389	186,383		
<u>692,490</u>	<u>560,187</u>	<u>533,035</u>	<u>495,101</u>	<u>481,507</u>		
<u>1,286,558</u>	<u>1,179,092</u>	<u>921,352</u>	<u>764,677</u>	<u>801,891</u>		
<u>\$ 6,853,267</u>	<u>\$ 7,888,543</u>	<u>\$ 6,035,773</u>	<u>\$ 5,683,910</u>	<u>\$ 5,306,925</u>		
\$ (260,312)	\$ 500,190	\$ 172,142	\$ 188,753	\$ 31,167		
<u>(270,492)</u>	<u>439,574</u>	<u>260,950</u>	<u>116,432</u>	<u>137,113</u>		
<u>\$ (530,804)</u>	<u>\$ 939,764</u>	<u>\$ 433,092</u>	<u>\$ 305,185</u>	<u>\$ 168,280</u>		

# STATE OF NEW MEXICO

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011 as Restated	2010, as Restated	2009, as Restated
<b>General Fund</b>					
Pre-GASB 54 Implementation					
Reserved	\$	\$	\$ -	\$ -	\$ 13,478
Unreserved			-	-	464,260
Post-GASB 54 Implementation					
Non-spendable	5,968	6,157	8,636	7,549	-
Restricted	67,315	194,988	237,097	184,417	-
Committed	23,159	10,082	56,219	15,562	-
Assigned	488	293	7,866	2,790	-
Unassigned	769,738	604,813	310,765	177,521	-
<b>Total General Fund</b>	<b>\$ 866,668</b>	<b>\$ 816,333</b>	<b>\$ 620,583</b>	<b>\$ 387,839</b>	<b>\$ 477,738</b>
<b>All Other Governmental Funds</b>					
Pre-GASB 54 Implementation					
Reserved	\$	\$	\$ -	\$ -	\$ 5,544,836
Unreserved, Reported in:					
Special Revenue Funds			-	-	593,975
Capital Projects Funds (Deficit)			-	-	5,962
Debt Service Funds			-	-	255,285
Post-GASB 54 Implementation					
Non-spendable	5,006,506	4,651,829	4,755,242	4,049,274	-
Restricted	540,063	821,792	752,599	311,917	-
Committed	1,413,633	1,320,787	1,497,949	2,039,275	-
Assigned	989	-	3,745	4,997	-
Unassigned (Deficit)	18,242	(43,407)	(190,255)	(63,938)	-
<b>Total All Other Governmental Funds</b>	<b>\$ 6,979,433</b>	<b>\$ 6,751,001</b>	<b>\$ 6,819,280</b>	<b>\$ 6,341,525</b>	<b>\$ 6,400,058</b>

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**SCHEDULE A-3**

(Modified Accrual Basis of Accounting)

	<b>Fiscal Year</b>				
<b>2008, as Restated</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	
\$ 33,455	\$ 72,979	\$ 76,990	\$ 69,687	\$ 186,655	
804,311	681,061	859,338	732,395	427,605	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ 837,766</u>	<u>\$ 754,040</u>	<u>\$ 936,328</u>	<u>\$ 802,082</u>	<u>\$ 614,260</u>	
\$ 7,961,168	\$ 6,672,312	\$ 5,516,982	\$ 5,253,182	\$ 5,183,451	
576,290	898,371	685,478	422,245	116,023	
(61,482)	114,637	224,278	36,745	105,151	
55,977	1,542	1,147	621,143	889,304	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ 8,531,953</u>	<u>\$ 7,686,862</u>	<u>\$ 6,427,885</u>	<u>\$ 6,333,315</u>	<u>\$ 6,293,929</u>	



# STATE OF NEW MEXICO

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011 as Restated	2010, as Restated	2009, as Restated
<b>Revenues</b>					
Taxes	\$ 5,235,786	\$ 5,321,538	\$ 4,926,279	\$ 4,407,236	\$ 4,769,862
Licenses, Fees, and Permits	364,371	361,671	356,897	212,328	288,697
Interest and Other Investment Income (Loss)	1,247,937	708,470	1,618,502	1,252,709	(375,149)
Rentals and Royalties	568,227	651,576	479,546	445,547	654,578
Charges for Services	160,931	155,089	212,816	241,411	69,934
Federal	4,981,084	5,035,279	5,558,515	5,722,781	4,661,734
Other Revenues	332,323	212,326	135,360	179,906	129,301
<b>Total Revenues</b>	<b>12,890,659</b>	<b>12,445,949</b>	<b>13,287,915</b>	<b>12,461,918</b>	<b>10,198,957</b>
<b>Expenditures</b>					
Current:					
General Control	494,668	413,807	376,279	421,810	430,195
Culture, Recreation, and Natural Resources	193,639	223,858	211,032	210,552	200,747
Highways and Transportation	398,836	330,574	307,454	429,522	372,406
Judicial	229,405	223,942	232,136	238,608	246,565
Legislative	23,954	22,381	24,651	24,128	26,401
Public Safety	454,250	428,331	437,529	442,777	485,937
Regulation and Licensing	101,355	108,457	99,528	110,411	129,504
Health and Human Services	5,756,574	5,625,669	5,623,871	5,907,586	5,291,005
Education	3,214,923	3,117,042	3,180,447	3,325,183	3,276,575
Unemployment Benefits	-	-	15,809	11,537	1,986
Land Grant	37,757	45,005	1,132	1,673	-
Severance Tax	176,173	183,423	8,318	2,772	-
Capital Outlay	583,782	612,156	721,706	710,727	864,676
Debt Service:					
Interest	130,755	249,345	227,115	139,666	113,284
Principal	317,991	139,847	347,486	332,447	230,504
Bond Issuance Costs	-	204	10,225	7,023	984
Advance Refunding Escrow	-	-	-	-	-
Provision for Potential Loss in the State General Fund Investment Pool	-	101,735	-	-	-
<b>Total Expenditures</b>	<b>12,114,062</b>	<b>11,825,776</b>	<b>11,824,718</b>	<b>12,316,422</b>	<b>11,670,769</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>776,597</b>	<b>620,173</b>	<b>1,463,197</b>	<b>145,496</b>	<b>(1,471,812)</b>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	137,220	105,780	39,205	432,693	196,330
Bond Premium	45,400	27,668	129,344	56,025	28,082
Note Proceeds	-	-	2,025	80,534	-
Refunding Bond Issue	220,400	75,715	776,220	174,990	-
Payment to Refunded Bond Escrow Agent	(261,769)	(88,898)	(668,590)	(72,570)	(95,290)
Proceeds from the Sale of Capital Assets	1,950	5,208	1,420	1,154	-
Nonoperating Revenues (Expenditures)	(5,211)	-	-	-	-
Operating Transfers In	6,135,227	6,414,978	6,611,286	7,418,136	8,119,988
Operating Transfers Out	(6,774,851)	(7,033,153)	(7,643,610)	(8,336,960)	(9,269,658)
<b>Total Other Financing Sources (Uses)</b>	<b>(501,634)</b>	<b>(492,702)</b>	<b>(752,700)</b>	<b>(245,998)</b>	<b>(1,020,548)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 274,963</b>	<b>\$ 127,471</b>	<b>\$ 710,497</b>	<b>\$ (100,502)</b>	<b>\$ (2,492,360)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.9%	3.5%	5.2%	4.1%	3.2%

## SCHEDULE A-4

(Modified Accrual Basis of Accounting)

		Fiscal Year				
2008, as Restated	2007	2006	2005	2004		
\$ 5,778,291	\$ 5,360,317	\$ 4,701,612	\$ 4,122,934	\$ 3,957,290		
218,066	202,897	212,590	98,114	79,069		
572,015	1,617,035	1,200,119	991,789	1,069,187		
730,175	571,919	623,131	499,319	370,014		
66,159	57,883	151,759	229,816	190,945		
4,027,357	3,708,912	3,606,240	3,543,855	3,474,722		
224,605	148,132	220,093	233,804	173,300		
<u>11,616,668</u>	<u>11,667,095</u>	<u>10,715,544</u>	<u>9,719,631</u>	<u>9,314,527</u>		
592,814	546,890	488,674	852,544	343,036		
201,324	249,460	190,662	175,341	173,455		
409,321	623,619	515,262	374,151	291,302		
226,465	209,601	188,703	178,863	164,519		
20,876	20,564	13,940	12,313	11,935		
438,744	437,857	373,973	359,980	325,687		
118,611	112,887	96,071	87,008	79,517		
4,851,140	4,527,036	4,043,961	3,790,976	3,639,440		
3,214,688	3,083,174	2,901,712	2,636,367	2,610,544		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
727,171	502,040	491,493	371,535	364,113		
171,673	547,366	92,556	125,476	133,740		
175,043	903,289	1,106,838	1,190,529	364,460		
932	397	445	3,870	10,597		
-	-	-	651	7,286		
-	-	-	-	-		
<u>11,148,802</u>	<u>11,764,180</u>	<u>10,504,290</u>	<u>10,159,604</u>	<u>8,519,631</u>		
467,866	(97,085)	211,254	(439,973)	794,896		
220,270	1,468,650	795,012	1,535,043	1,103,469		
9,120	-	-	18,977	59,904		
-	-	-	-	-		
490,950	-	-	-	437,950		
(498,480)	-	-	(75,077)	(408,856)		
-	-	-	-	-		
-	137,964	6,885	-	-		
7,191,186	6,179,320	5,888,308	5,217,701	4,697,378		
(7,906,532)	(6,746,776)	(6,425,666)	(5,725,723)	(5,180,257)		
<u>(493,486)</u>	<u>1,039,158</u>	<u>264,539</u>	<u>970,921</u>	<u>709,588</u>		
<u>\$ (25,620)</u>	<u>\$ 942,073</u>	<u>\$ 475,793</u>	<u>\$ 530,948</u>	<u>\$ 1,504,484</u>		
<u>3.3%</u>	<u>12.9%</u>	<u>12.0%</u>	<u>13.4%</u>	<u>6.1%</u>		

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>REVENUES</b>					
<b>Taxes and License Fees</b>					
General and Selective Sales Taxes:					
Gross Receipts	\$ 1,917,660	\$ 1,928,469	\$ 1,822,457	\$ 1,634,367	\$ 1,831,946
Compensating	50,911	62,066	69,135	50,935	69,947
Tobacco (Luxury)	86,058	85,360	88,158	45,731	49,580
Alcoholic Beverage	26,240	26,129	25,673	25,593	25,837
Insurance	107,520	114,076	132,659	130,347	121,893
Fire Protection	18,316	18,812	17,583	4,995	30,809
Racing	942	852	413	564	614
Private Car	563	553	480	382	532
Motor Vehicle and Other Excise Tax	125,504	114,707	103,653	92,264	100,497
Gaming Tax	63,073	65,527	65,787	65,116	69,207
Leased Vehicles Gross Receipts and Surcharge	5,125	5,366	5,047	5,663	4,901
Gasoline Tax	(4,516)	5,539	792	1,472	(1,241)
Telecommunications Relay Surcharge	91	98	121	114	104
Boat Excise Tax	257	453	494	543	534
Franchise Receipts	4	19	73	88	112
<b>Total General and Selective Sales Tax</b>	<b>2,397,748</b>	<b>2,428,026</b>	<b>2,332,525</b>	<b>2,058,174</b>	<b>2,305,272</b>
<b>Income Taxes</b>					
Gross Withholding	1,077,952	1,151,866	1,042,323	1,020,104	982,766
Final Settlements	517,862	355,734	382,690	337,782	387,901
Less:					
Transfer - Retiree Health Care	(21,876)	(19,853)	(18,047)	(15,935)	(14,996)
Transfer - PIT Suspense and Others	(340,381)	(346,289)	(352,633)	(384,055)	(450,902)
Refunds - TAA Suspense			-	-	(365)
Net Personal Income Taxes	1,233,557	1,141,458	1,054,333	957,896	904,404
Corporate Taxes	267,157	281,047	229,818	125,101	253,345
Less Refunds			-	-	(60,858)
Net Corporate Income Taxes	267,157	281,047	229,818	125,101	192,487
Estate Taxes	-	-	12	(1)	36
Fiduciary Taxes	7,388	9,011	42,589	(1,336)	13,650
<b>Total Income Taxes</b>	<b>1,508,102</b>	<b>1,431,516</b>	<b>1,326,752</b>	<b>1,081,660</b>	<b>1,110,577</b>
<b>Severance Taxes</b>					
Oil and Gas School Tax	379,899	399,589	376,104	324,544	370,354
7% Oil Conservation	20,775	21,452	19,371	16,353	18,260
Resources Excise	13,486	12,018	10,139	9,368	11,237
Natural Gas Processors	24,197	23,343	18,182	40,437	40,341
<b>Total Severance Taxes</b>	<b>438,357</b>	<b>456,402</b>	<b>423,796</b>	<b>390,702</b>	<b>440,192</b>
<b>Total Taxes</b>	<b>4,344,207</b>	<b>4,315,944</b>	<b>4,083,073</b>	<b>3,530,536</b>	<b>3,856,041</b>

**SCHEDULE B-1**

		Fiscal Year							
		2008	2007	2006	2005	2004			
\$	1,835,572	\$	1,840,489	\$	1,689,838	\$	1,512,483	\$	1,556,015
	63,778		61,352		51,835		44,117		36,718
	48,115		46,775		48,405		48,477		51,828
	25,093		26,726		29,340		25,173		28,472
	109,825		108,044		103,081		95,464		102,201
	21,109		19,929		24,589		27,157		25,765
	660		1,378		362		897		1,188
	936		384		411		537		476
	127,622		131,254		121,870		118,919		115,730
	56,149		70,893		56,677		46,353		41,646
	7,541		6,036		19,948		26,018		6,556
	1,957		410		-		-		-
	104		101		99		100		108
	652		751		581		219		307
	152		22		33		82		121
	<u>2,299,265</u>		<u>2,315,104</u>		<u>2,147,069</u>		<u>1,945,996</u>		<u>1,967,131</u>
	1,014,975		972,374		942,470		888,168		950,904
	546,498		516,122		471,952		446,945		420,278
	(15,704)		(9,647)		(8,453)		(7,623)		(7,368)
	(344,184)		(299,375)		(373,974)		(247,158)		(281,740)
	(16,206)		(7,868)		(13,784)		(6,142)		(2,684)
	<u>1,185,379</u>		<u>1,171,606</u>		<u>1,018,211</u>		<u>1,074,190</u>		<u>1,079,390</u>
	479,447		498,413		410,377		265,999		172,712
	(75,922)		(38,533)		(33,192)		(23,537)		(49,269)
	<u>403,525</u>		<u>459,880</u>		<u>377,185</u>		<u>242,462</u>		<u>123,443</u>
	40		78		3,138		4,925		8,764
	13,011		8,597		12,960		11,825		11,033
	<u>1,601,955</u>		<u>1,640,161</u>		<u>1,411,494</u>		<u>1,333,402</u>		<u>1,222,630</u>
	557,332		420,254		483,240		381,302		366,056
	24,065		19,916		22,564		17,822		16,689
	11,641		10,767		9,151		6,547		6,182
	30,618		35,627		26,841		21,728		16,513
	<u>623,656</u>		<u>486,564</u>		<u>541,796</u>		<u>427,399</u>		<u>405,440</u>
	<u>4,524,876</u>		<u>4,441,829</u>		<u>4,100,359</u>		<u>3,706,797</u>		<u>3,595,201</u>

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>REVENUES (CONTINUED)</b>					
<b>Taxes and License Fees (Continued)</b>					
<b>License Fees</b>					
Manufactured Housing	\$ 336	\$ 420	\$ 549	\$ 579	\$ 590
Corporate Filing	3,151	2,864	2,850	2,777	2,821
Alcoholic Beverages and Gaming	4,544	3,856	3,840	4,419	3,627
Financial Institutions	3,107	2,917	3,109	3,082	3,148
Corporate Special	3,963	4,096	1,125	3,512	4,883
Construction Industries	4,034	5,052	5,682	6,580	6,052
Gaming License and Permit Fees	362	392	262	387	420
Securities Receipts	19,065	18,765	18,374	17,838	17,031
Public Utilities	11,275	11,056	13,734	10,892	11,333
Health Facilities Fees	-	-	-	-	-
Pipeline Fees	50	41	74	60	34
Motor Vehicles Miscellaneous Fees	125	136	150	139	159
Drivers Training Fees	-	-	-	-	-
State Engineers Fees	-	-	-	-	-
<b>Total License Fees</b>	<u>50,012</u>	<u>49,595</u>	<u>49,749</u>	<u>50,265</u>	<u>50,098</u>
<b>Total Taxes and License Fees</b>	<u>4,394,219</u>	<u>4,365,539</u>	<u>4,132,822</u>	<u>3,580,801</u>	<u>3,906,139</u>
<b>Other Revenue Sources</b>					
<b>Investment Income</b>					
State Land Grant Permanent Fund Income	440,876	461,737	446,227	437,128	433,497
Earnings on State Balances	35,925	17,618	17,633	22,126	67,754
Severance Tax Permanent Fund Earnings	176,173	183,424	184,571	187,072	191,292
<b>Total Interest Earnings</b>	<u>652,974</u>	<u>662,779</u>	<u>648,431</u>	<u>646,326</u>	<u>692,543</u>
<b>Rents and Royalties</b>					
Federal Mineral Leasing	459,631	502,574	411,819	355,302	507,229
Land Office	44,632	92,508	65,620	67,702	36,442
<b>Total Rents and Royalties</b>	<u>504,263</u>	<u>595,082</u>	<u>477,439</u>	<u>423,004</u>	<u>543,671</u>

**SCHEDULE B-1 (Continued)**

Fiscal Year				
2008	2007	2006	2005	2004
\$ 648	\$ 652	\$ 674	\$ 728	\$ 623
2,997	2,955	2,841	2,810	2,651
3,593	4,195	3,509	3,541	4,075
3,046	3,011	3,073	2,845	2,585
5,393	4,014	8,339	4,070	4,620
7,648	7,369	6,825	6,800	6,432
609	302	327	322	267
16,946	15,824	14,840	13,830	16,273
9,407	10,182	8,064	8,923	8,320
158	172	290	175	271
75	137	11	38	55
156	146	139	142	141
-	-	39	41	46
-	-	-	-	-
<u>50,676</u>	<u>48,959</u>	<u>48,971</u>	<u>44,265</u>	<u>46,359</u>
<u>4,575,552</u>	<u>4,490,788</u>	<u>4,149,330</u>	<u>3,751,062</u>	<u>3,641,560</u>
390,484	364,697	354,156	350,285	292,235
114,975	87,307	77,935	34,386	25,374
<u>177,172</u>	<u>170,973</u>	<u>171,798</u>	<u>173,249</u>	<u>172,434</u>
<u>682,631</u>	<u>622,977</u>	<u>603,889</u>	<u>557,920</u>	<u>490,043</u>
45,085	501,124	556,541	445,004	334,883
<u>611,182</u>	<u>50,410</u>	<u>52,696</u>	<u>42,044</u>	<u>22,061</u>
<u>656,267</u>	<u>551,534</u>	<u>609,237</u>	<u>487,048</u>	<u>356,944</u>

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Miscellaneous Receipts and Fees</b>					
Environment Department Filing Fees	\$ 3,350	\$ 2,048	\$ 5,201	\$ 4,412	\$ 8,551
Tribal Revenue Sharing	70,709	68,189	65,891	64,118	65,385
Media Lease Payments	21	19	17	31	23
MVD Penalty Assessments	6,018	5,705	5,737	6,078	6,873
Fines and Forfeitures	5,708	6,052	7,104	7,276	8,756
Birth and Death Certificates	1,045	1,075	1,051	1,032	1,068
District Judge Receipts	1,051	1,064	1,196	1,260	1,202
Notary Public Fees	648	1,386	607	580	614
Legislative Receipts	35	20	46	29	54
Workmen's Compensation Fees	4	4	15	-	70
Law Enforcement Protection	4,576	8,291	9,089	9,920	6,953
Small County Assistance	1,537	3,576	3,346	-	4,013
Unclaimed Property	16,833	15,452	18,352	11,757	13,538
Public Defender Reimbursement	446	411	414	429	533
Small Cities Assistance			-	1,546	-
<b>Total Miscellaneous Receipts and Fees</b>	<u>111,981</u>	<u>113,292</u>	<u>118,067</u>	<u>108,468</u>	<u>117,633</u>
<b>Other Revenues</b>					
Miscellaneous Nonrecurring	39,921	42,604	55,825	55,039	33,942
Transfers - Reversions	81,167	68,077	73,499	394,354	331,995
<b>Total Other Revenues</b>	<u>121,088</u>	<u>110,681</u>	<u>129,324</u>	<u>449,393</u>	<u>365,937</u>
<b>Total Other Revenue Sources</b>	<u>1,390,306</u>	<u>1,481,834</u>	<u>1,373,261</u>	<u>1,627,191</u>	<u>1,719,784</u>
<b>Total Revenues</b>	<u>\$ 5,784,525</u>	<u>\$ 5,847,373</u>	<u>\$ 5,506,083</u>	<u>\$ 5,207,992</u>	<u>\$ 5,625,923</u>

**SCHEDULE B-1 (Continued)**

Fiscal Year					
2008	2007	2006	2005	2004	
\$ 2,253	\$ 1,237	\$ 1,272	\$ 1,181	\$ 1,492	
66,560	56,158	49,520	41,263	58,634	
20	18	18	19	18	
7,019	6,053	5,704	5,894	5,933	
9,110	8,086	8,425	8,243	8,041	
1,170	865	661	576	572	
1,208	1,042	986	1,032	986	
686	56	728	721	783	
44	59	38	59	44	
80	67	10	21	2	
6,699	6,838	8,593	7,042	-	
7,943	-	-	1,563	1,669	
-	12,291	12,501	13,456	7,463	
430	404	389	595	260	
-	-	-	447	371	
<u>103,222</u>	<u>93,174</u>	<u>88,845</u>	<u>82,112</u>	<u>86,268</u>	
45,024	51,210	42,209	44,653	4,896	
66,000	38,880	45,030	82,589	45,984	
<u>111,024</u>	<u>90,090</u>	<u>87,239</u>	<u>127,242</u>	<u>50,880</u>	
1,553,144	1,357,775	1,389,210	1,254,322	984,135	
<u>\$ 6,128,696</u>	<u>\$ 5,848,563</u>	<u>\$ 5,538,540</u>	<u>\$ 5,005,384</u>	<u>\$ 4,625,695</u>	



# STATE OF NEW MEXICO

## REVENUE BASE

Last Ten Calendar Years  
(In Thousands)

	Calendar Year				
	2013	2012	2011	2010	2009, as Restated
<b>Taxable Gross Receipts</b>					
Agriculture, Forestry and Fishing	\$ 61,294	\$ 57,791	\$ 59,602	\$ 51,681	\$ 62,842
Mining	3,668,701	3,431,242	3,239,185	1,860,940	1,866,669
Construction	5,562,314	5,271,994	5,326,763	3,982,945	6,019,441
Manufacturing	2,015,743	1,833,576	1,643,653	1,038,527	1,110,799
Transportation	780,150	686,364	679,289	546,715	625,733
Communications and Utilities	4,907,802	4,803,345	4,648,079	3,445,649	3,470,163
Wholesale Trade	2,335,113	2,280,235	2,207,054	1,573,254	1,926,673
Retail Trade	12,160,633	12,024,304	11,912,593	9,292,428	11,883,094
Finance, Insurance and Real Estate	1,377,056	1,218,396	1,131,560	784,486	1,107,662
Services and Other	17,413,350	17,395,771	17,558,765	14,674,794	21,364,218
Public Administration	622,335	597,549	692,754	151,857	180,217
Total Taxable Gross Receipts	<u>\$ 50,904,491</u>	<u>\$ 49,600,567</u>	<u>\$ 49,099,297</u>	<u>\$ 37,403,276</u>	<u>\$ 49,617,511</u>
State Gross Receipts Tax Rate	<u>5.1%</u>	<u>5.1%</u>	<u>5.1%</u>	<u>5.3%</u>	<u>5.0%</u>
<b>Personal Income by Industry</b>					
Federal Civilian	\$ 2,965	\$ 3,351	\$ 3,331	\$ 3,395	\$ 3,166
Federal Military	1,367	1,632	1,596	1,447	1,250
State and Local Government	9,229	8,934	8,640	8,643	8,678
Farm Earnings	1,472	1,203	1,389	1,034	575
Forestry, Fishing, and Related Activities	150	132	99	115	108
Mining	3,151	2,410	2,045	2,040	1,891
Utilities	520	522	442	460	468
Construction	2,978	2,888	2,868	2,651	2,840
Manufacturing	2,178	2,344	2,272	2,197	2,094
Wholesale Trade	1,451	1,444	1,382	1,482	1,426
Retail	3,412	3,417	3,274	3,219	3,190
Transportation and Warehousing	1,464	1,408	1,318	1,221	1,220
Information	881	878	832	862	1,220
Financial, Insurance, Real Estate, Rental, and Leasing	2,404	2,139	2,361	2,036	2,065
Services	17,652	17,731	17,233	9,215	9,077
Other <sup>1</sup>	24,537	22,791	22,931	27,694	27,407
Total Personal Income	<u>\$ 75,811</u>	<u>\$ 73,224</u>	<u>\$ 72,013</u>	<u>\$ 67,711</u>	<u>\$ 66,675</u>
Highest Income Tax Rate	<u>4.9%</u>	<u>4.9%</u>	<u>4.9%</u>	<u>4.9%</u>	<u>4.9%</u>

<sup>1</sup>Other income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deductions for insurance contributions from the SQ5N report prepared by the Bureau of Economic Analysis.

Source: New Mexico Department of Taxation and Revenue Department, RP80 NAICS.

Department of Commerce Bureau of Economic Analysis, SQ5N - Personal Income by Major Source and Earnings by Major NAICS Industry Report.

**SCHEDULE B-2**

Calendar Year				
2008	2007	2006	2005	2004
\$ 83,216	\$ 84,941	\$ 81,043	\$ 83,895	\$ 73,783
2,473,548	2,162,156	2,063,727	1,626,594	1,238,262
7,407,837	7,546,822	7,402,413	6,038,563	5,299,913
1,340,101	1,373,810	1,296,135	1,058,988	964,158
646,162	577,428	500,233	399,323	291,512
3,396,282	3,298,025	3,166,151	2,953,396	2,740,597
2,632,017	2,583,579	2,702,003	2,419,634	2,184,839
12,610,702	12,884,778	11,826,522	11,067,204	12,511,302
1,106,311	1,198,885	1,047,208	955,373	847,706
18,953,106	17,201,063	16,085,796	14,679,218	14,195,843
191,262	521,733	460,533	469,556	452,731
<u>\$ 50,840,544</u>	<u>\$ 49,433,220</u>	<u>\$ 46,631,764</u>	<u>\$ 41,751,744</u>	<u>\$ 40,800,646</u>
<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>
\$ 2,999	\$ 2,900	\$ 2,768	\$ 2,580	\$ 2,451
1,087	1,129	1,125	1,125	1,115
7,660	7,497	7,584	7,692	7,264
812	581	414	659	681
112	124	127	120	114
2,037	1,904	1,820	1,477	1,258
431	395	372	360	338
3,390	3,050	3,102	2,776	2,456
2,341	2,658	2,468	2,264	2,188
1,565	1,442	1,373	1,249	1,161
3,442	3,194	3,053	2,940	2,824
1,346	1,249	1,201	1,125	1,056
914	865	834	753	725
2,211	2,316	2,250	2,150	2,036
11,367	9,181	8,906	7,827	7,403
24,370	21,164	20,734	18,896	16,743
<u>\$ 66,084</u>	<u>\$ 59,649</u>	<u>\$ 58,131</u>	<u>\$ 53,993</u>	<u>\$ 49,813</u>
<u>4.9%</u>	<u>5.3%</u>	<u>5.3%</u>	<u>5.7%</u>	<u>6.8%</u>

# STATE OF NEW MEXICO

## REVENUE PAYERS BY INDUSTRY – TAXABLE SALES, SERVICES, AND USE TAX PURCHASES

## SCHEDULE B-3

Most Current Calendar Year and Historical Comparison  
(In Thousands)

	Fiscal Year 2013 <sup>1</sup>				Calendar Year 2005			
	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total
Agriculture, Forestry and Fishing	1,246	0.4%	\$ 61,294	0.1%	1,297	0.5%	\$ 83,895	0.2%
Mining	3,219	1.0%	3,668,701	7.2%	1,899	0.7%	1,626,594	3.9%
Construction	33,286	10.4%	5,562,314	10.9%	32,880	11.7%	6,038,563	14.5%
Manufacturing	13,894	4.3%	2,015,743	4.0%	10,950	3.9%	1,058,988	2.5%
Transportation	4,561	1.4%	780,150	1.5%	3,200	1.1%	399,323	1.0%
Communications and Utilities	20,113	6.3%	4,907,802	9.6%	13,015	4.7%	2,953,396	7.1%
Wholesale Trade	17,725	5.5%	2,335,113	4.6%	16,976	6.1%	2,419,634	5.8%
Retail Trade	65,842	20.6%	12,160,633	24.0%	58,687	20.9%	11,067,204	26.5%
Finance, Insurance and Real Estate	15,423	4.8%	1,377,056	2.7%	11,394	4.1%	955,373	2.3%
Services and Other	143,973	45.0%	17,413,350	34.2%	129,239	46.1%	14,679,218	35.2%
Public Administration	629	0.3%	622,335	1.2%	636	0.2%	469,556	1.0%
Total Number of Outlets and Total Taxable Gross Revenues	<u>319,911</u>	<u>100.0%</u>	<u>\$ 50,904,491</u>	<u>100.0%</u>	<u>280,173</u>	<u>100.0%</u>	<u>\$ 41,751,744</u>	<u>100.0%</u>
State Gross Receipts Tax Rate	<u>5.1%</u>				<u>5.0%</u>			

<sup>1</sup>Data available as of December 2013

Source: New Mexico Department of Taxation and Revenue, Report 80 NAICS code version, <http://www.tax.state.nm.us/pubs/rp806d.htm>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

# STATE OF NEW MEXICO

## REVENUE PAYERS – PERSONAL INCOME TAX

## SCHEDULE B-4

Most Current Calendar Year and Historical Comparison  
(Dollars, Except for Income Level, in Thousands)

Income Level	2011*				2003			
	Number of Returns	Percent of Total	Income Tax Liability	Percent of Total	Number of Returns	Percent of Total	Income Tax Liability	Percent of Total
\$200,000 and higher	17,446	1.9%	\$ 1,615,034	33.7%	8,850	1.1%	\$ 845,745	26.1%
\$100,000 - \$199,999	74,247	8.1%	1,337,091	27.9%	39,729	4.9%	780,600	24.1%
\$75,000 - \$99,999	66,733	7.2%	609,242	12.7%	45,897	5.6%	443,474	13.7%
\$50,000 - \$74,999	112,044	12.3%	630,720	13.2%	92,633	11.4%	532,855	16.4%
\$49,999 and lower	643,974	70.5%	598,658	12.5%	626,622	77.0%	640,621	19.7%
Total	914,444	100.0%	\$ 4,790,745	100.0%	813,731	100.0%	\$ 3,243,295	100.0%

\* At the time of the preparation of the 2013 New Mexico State CAFR, the 2012 and 2013 information was not available.

Source: United States Department of the Treasury, Internal Revenue Service, Tax Year 2011: Historical Table 2 (SOI Bulletin)

# STATE OF NEW MEXICO

## PERSONAL INCOME TAX RATES

Last Ten Fiscal Years

## SCHEDULE B-5

Year	Top Tax Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of			Average Effective Rate, As Restated
		Single	Married Filing Jointly	Head of Household	
2013	4.9%	\$ 16,000	\$ 24,000	\$ 24,000	N/A
2012	4.9%	16,000	24,000	24,000	N/A
2011*	4.9%	16,000	24,000	24,000	N/A
2010	4.9%	16,000	24,000	24,000	N/A
2009	4.9%	16,000	24,000	24,000	3.4%
2008	4.9%	16,000	24,000	24,000	1.7%
2007	5.3%	16,000	24,000	24,000	1.8%
2006	5.3%	16,000	24,000	24,000	1.6%
2005	5.7%	16,000	24,000	24,000	2.2%
2004	6.8%	26,000	40,000	33,000	2.1%

\* Only partial data was available at the time of publication

Source: New Mexico Department of Taxation and Revenue

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# STATE OF NEW MEXICO

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011	2010, as Restated	2009, as Restated
<b>Governmental Activities</b>					
General Obligation	\$ 372,700	\$ 296,890	\$ 379,228	\$ 423,854	\$ 453,730
Enhanced E-911 Revenue Bonds	-	-	-	-	-
Severance Tax Bonds	683,275	798,740	884,320	1,020,550	626,715
Revenue Bonds	1,562,240	1,723,061	1,859,403	1,703,481	1,707,996
Total Government	<u>2,618,215</u>	<u>2,818,691</u>	<u>3,122,951</u>	<u>3,147,885</u>	<u>2,788,441</u>
<b>Business-type Activities*</b>					
Revenue Bonds	827,812	840,831	832,306	866,692	802,924
Capital Leases	1,060	1,292	919	248	2,025
Total Primary Government	<u>828,872</u>	<u>842,123</u>	<u>833,225</u>	<u>866,940</u>	<u>804,949</u>
Total Debt	<u>\$ 3,447,087</u>	<u>\$ 3,660,814</u>	<u>\$ 3,956,176</u>	<u>\$ 4,014,825</u>	<u>\$ 3,593,390</u>
New Mexico Personal Income	\$ 73,159,160	\$ 73,159,160	\$ 71,993,000	\$ 71,993,000	\$ 65,648,333
Debt as a Percentage of Personal Income	4.7%	5.0%	5.5%	5.6%	5.5%
New Mexico Population	2,085	2,086	2,066	2,066	2,010
General Obligation Debt Per Capita	\$ 179	\$ 142	\$ 184	\$ 205	\$ 226
Total Long-Term Debt Per Capita	\$ 1,653	\$ 1,755	\$ 1,915	\$ 1,943	\$ 1,788

Source: State of New Mexico Comprehensive Annual Financial Report for outstanding bonded and non-bonded debt.

See Schedule for Demographics and Economic Statistics for personal income and population data. Ratios are calculated based upon personal income and population which are reported for the prior calendar year.

Note: In the past, total debt was used to calculate the above ratios. Beginning with fiscal year 2009, outstanding debt is used in the ratio calculation; therefore, all prior year balances were restated to reflect the change.

## SCHEDULE C-1

Fiscal Year				
2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated
\$ 388,318	\$ 371,129	\$ 273,280	\$ 315,925	\$ 246,375
-	745	1,455	2,130	2,775
738,687	669,686	577,935	512,180	486,840
1,790,900	1,829,528	1,453,057	1,559,535	1,696,603
<u>2,917,905</u>	<u>2,871,088</u>	<u>2,305,727</u>	<u>2,389,770</u>	<u>2,432,593</u>
833,836	699,319	719,799	594,685	354,639
1,711	2,330	2,713	3,042	2,882
<u>835,547</u>	<u>701,649</u>	<u>722,512</u>	<u>597,727</u>	<u>357,521</u>
<u>\$ 3,753,452</u>	<u>\$ 3,572,737</u>	<u>\$ 3,028,239</u>	<u>\$ 2,987,497</u>	<u>\$ 2,790,114</u>
\$ 66,337,250	\$ 62,001,991	\$ 58,131,416	\$ 53,992,896	\$ 49,813,042
5.7%	5.8%	5.2%	5.5%	5.6%
1,984	2,059	2,014	1,969	1,930
\$ 196	\$ 180	\$ 136	\$ 160	\$ 128
\$ 1,892	\$ 1,735	\$ 1,504	\$ 1,517	\$ 1,446



# STATE OF NEW MEXICO

## LONG-TERM LIABILITIES

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012, As Restated	2011	2010, As Restated	2009, As Restated
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 372,700	\$ 296,890	\$ 379,228	\$ 423,854	\$ 481,812
Severance Tax Bonds	683,275	798,740	884,320	1,020,550	626,715
Revenue Bonds	1,562,240	1,723,061	1,859,403	1,703,481	1,729,205
Bond Premium, Discount, Net *	234,954	236,190	-	-	-
Deferred Loss on Refunding, Net *	(91,257)	(81,982)	-	-	-
Notes Payable	1,598	2,454	3,715	124,205	43,781
Claims and Judgments	348,753	433,547	225,248	222,821	217,426
Reserve for Losses	-	-	-	-	-
Compensated Absences	61,201	60,946	63,934	73,483	73,757
Pollution Remediation Obligation	53,373	55,694	86,741	86,289	7,992
Other	252,003	330,217	-	501	100
Total Governmental Activities	<u>3,478,840</u>	<u>3,855,757</u>	<u>3,502,589</u>	<u>3,655,184</u>	<u>3,180,788</u>
<b>Business-type Activities</b>					
Revenue Bonds	827,812	840,831	832,306	866,692	809,215
Bond Premium, Discount, Net *	17,010	8,831	-	-	-
Capital Leases	1,060	1,292	919	238	2,075
Compensated Absences	77,777	96,219	99,689	93,997	87,747
Reserve for Losses	65,471	65,472	63,406	63,901	70,286
Other	79,083	56,173	52,750	45,126	50,538
Total Business-type Activities	<u>1,068,213</u>	<u>1,068,818</u>	<u>1,049,070</u>	<u>1,069,954</u>	<u>1,019,861</u>
Total Primary Government Long-term Liabilities	<u>\$ 4,547,053</u>	<u>\$ 4,924,575</u>	<u>\$ 4,551,659</u>	<u>\$ 4,725,138</u>	<u>\$ 4,200,649</u>

Note: Details regarding the liabilities listed above can be found in Note 2. E. Changes in Long-term Liabilities in the financial statements.

\* In prior years, bond premium, discount, and loss on refunding was not stated separately.

**SCHEDULE C-2**

<b>Fiscal Year</b>					
<b>2008, As Restated</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	
\$ 388,318	\$ 371,874	\$ 273,280	\$ 315,925	\$ 246,375	
738,687	669,686	577,935	512,180	486,840	
1,790,900	1,829,528	1,453,057	1,559,535	1,696,603	
-	-	-	-	-	
-	-	-	-	-	
2,943	-	-	-	-	
238,714	44,826	48,466	44,666	37,000	
-	13,305	13,743	71,466	51,157	
68,898	62,658	60,194	56,040	54,006	
8,813	-	-	-	-	
251	75,393	63,318	7,155	65,322	
<u>3,237,524</u>	<u>3,067,270</u>	<u>2,489,993</u>	<u>2,566,967</u>	<u>2,637,303</u>	
833,836	699,453	719,799	594,685	354,639	
-	-	-	-	-	
1,711	2,330	2,713	3,042	2,882	
67,466	61,211	57,648	49,118	48,159	
63,090	-	-	-	-	
29,705	97,657	95,072	27,366	30,844	
<u>995,808</u>	<u>860,651</u>	<u>875,232</u>	<u>674,211</u>	<u>436,524</u>	
<u>\$ 4,233,332</u>	<u>\$ 3,927,921</u>	<u>\$ 3,365,225</u>	<u>\$ 3,241,178</u>	<u>\$ 3,073,827</u>	

# STATE OF NEW MEXICO

## LEGAL DEBT MARGIN

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				2009,
	2013	2012	2011	2010	As Restated
Net Taxable Value of Property					
Subject to Taxation	\$ 54,726,006	\$ 54,490,961	\$ 51,040,955	\$ 55,046,209	\$ 50,463,804
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	547,260	544,910	510,410	550,462	504,638
General Obligation Bonds	372,700	296,890	355,500	398,580	453,730
Enhanced E-911 Bonds	-	-	-	-	-
Total General Debt Outstanding	372,700	296,890	355,500	398,580	453,730
Legal Debt Margin	\$ 174,560	\$ 248,020	\$ 154,910	\$ 151,882	\$ 50,908
Legal Debt Margin as a Percentage of the Debt Limit	31.9%	45.5%	30.4%	27.6%	10.1%

**Note:** The *Constitution of the State of New Mexico*, Article IX, Section 8, limits the State's outstanding general debt to a maximum of one percent of the net taxable value of all property subject to taxation within the State. The legal debt margin is the remaining borrowing authority available and is calculated by subtracting the bonded debt outstanding from the legal debt limit as calculated per Constitutional requirements.

Source: Note information regarding general bonded debt outstanding can be located within the State of New Mexico's comprehensive annual financial report per fiscal year. Property value data was provided by the Department of Finance and Administration, Local Government Division, Financial and Property Tax Data by County and Municipality. Per capita information is based upon population data located in the Demographics and Economic Statistics schedule.

**SCHEDULE C-3**

<b>Fiscal Year</b>				
<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 47,261,516	\$ 42,985,028	\$ 38,910,768	\$ 35,890,023	\$ 32,149,435
1.0%	1.0%	1.0%	1.0%	1.0%
<u>472,615</u>	<u>429,850</u>	<u>389,108</u>	<u>358,900</u>	<u>321,494</u>
388,318	371,874	274,735	318,055	249,150
-	762	1,521	2,277	3,032
<u>388,318</u>	<u>372,636</u>	<u>276,256</u>	<u>320,332</u>	<u>252,182</u>
<u>\$ 84,297</u>	<u>\$ 57,214</u>	<u>\$ 112,852</u>	<u>\$ 38,568</u>	<u>\$ 69,312</u>
<u>17.8%</u>	<u>13.3%</u>	<u>29.0%</u>	<u>10.7%</u>	<u>21.6%</u>

# STATE OF NEW MEXICO

## STATUTORY DEBT LIMIT – SEVERANCE TAX BONDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2013	2012	2011	2010	2009
Annual Deposits into Severance Tax Bonding Fund	\$ 426,821	\$ 504,734	\$ 398,576	\$ 374,228	\$ 550,222
50.0% of Annual Deposits	213,411	252,367	199,288	187,114	275,111
Statutory Debt Limit Amount	213,411	252,367	199,288	187,114	275,111
Senior Bond Servicing Amount *	127,951	121,367	103,867	96,290	12,433
Statutory Debt Margin Amount	\$ 85,460	\$ 131,000	\$ 95,421	\$ 90,824	\$ 262,678
Statutory Debt Margin as a Percentage of Debt Limit	40.0%	51.9%	47.9%	48.5%	95.5%

Note: The State Board of Finance is prohibited by the Severance Tax Bonding Act from issuing Senior Severance Tax Bonds unless the aggregate amount of total Senior Severance Tax Bonds outstanding, including the bonds to be issued, can be serviced with not more than 50 percent of the annual deposits into the Bonding Fund, as determined by the deposits during the fiscal year preceding the issuance of the bonds.

\* Does not include payment on refunded bonds, which are paid from escrowed securities, payments on short-term debt issued by the State Treasurer and paid in the same year issued, or payments on Supplemental Bond Series.

Sources: New Mexico Office of the State Treasurer audited financial statements.  
New Mexico Board of Finance, Severance Tax Bonds, Bond Series 2012A Official Statement.

**SCHEDULE C-4**

<b>Fiscal Year</b>				
<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 573,595	\$ 508,508	\$ 532,386	\$ 405,541	\$ 319,337
<u>286,798</u>	<u>254,254</u>	<u>266,193</u>	<u>202,771</u>	<u>159,669</u>
<u>286,798</u>	<u>254,254</u>	<u>266,193</u>	<u>202,771</u>	<u>159,669</u>
<u>158,564</u>	<u>72,886</u>	<u>69,902</u>	<u>68,204</u>	<u>68,270</u>
<u>\$ 128,234</u>	<u>\$ 181,368</u>	<u>\$ 196,291</u>	<u>\$ 134,567</u>	<u>\$ 91,399</u>
<u>44.7%</u>	<u>71.3%</u>	<u>73.7%</u>	<u>66.4%</u>	<u>57.2%</u>

# STATE OF NEW MEXICO

## PLEDGED REVENUE BOND COVERAGE

Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Severance Tax Bonds (Including Supplemental Subordinate Liens)</b>				
2013	\$ 426,821	\$ 115,465	\$ 33,969	2.9
2012	504,734	128,013	24,304	3.3
2011	398,576	145,546	28,497	2.3
2010	374,234	154,858	23,357	2.1
2009	550,222	113,637	20,555	4.1
2008	573,595	116,365	20,561	4.2
2007	510,140	78,417	14,588	5.5
2006	996,911	93,463	13,691	9.3
2005	817,872	72,130	15,218	9.4
2004	629,339	73,789	13,082	7.2
<b>Highway Infrastructure Bonds</b>				
2013	\$ 411,003	\$ 138,848	\$ 76,561	1.9
2012	785,000	243,060	220,698	1.7
2011	719,811	71,450	79,742	4.8
2010	719,811	75,795	84,697	4.5
2009	726,430	75,500	88,574	4.4
2008	674,453	72,468	92,691	4.1
2007	651,635	75,295	73,162	4.4
2006	713,255	81,130	77,103	4.5
2005	631,388	70,861	39,739	5.7
2004	587,148	67,357	42,954	5.3
<b>Energy and Minerals Bonds</b>				
2013	\$ 8,826	\$ 1,819	\$ 604	3.6
2012	4,900	1,738	647	2.1
2011	2,578	1,546	395	1.3
2010	2,578	1,487	755	1.1
2009	3,730	1,429	809	1.7
2008	4,085	1,398	865	1.8
2007	3,911	1,351	908	1.7
2006	4,369	1,315	1,254	1.7
2005	3,527	1,271	978	1.6
2004	3,064	1,191	960	1.4

N/A Data not available.

Sources: New Mexico Taxation and Revenue Department, Financial Distributions Bureau  
 New Mexico Department of Finance and Administration, Board of Finance  
 New Mexico Department of Transportation audited financial statements  
 New Mexico Energy, Minerals and Natural Resources audited financial statements  
 New Mexico Department of Finance and Administration, Administrative Services Division

SCHEDULE C-5

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Cultural Affairs Bonds and Loan</b>				
2013	\$ 1,100	\$ 1,432	\$ 256	0.7
2012	805	396	170	1.4
2011	795	385	178	1.4
2010	776	374	186	1.4
2009	1,000	364	193	1.8
2008	1,000	356	199	1.8
2007	702	349	204	1.3
2006	511	143	205	1.5
2005	506	142	205	1.5
2004	203	141	52	1.1
<b>Miners' Colfax Medical Center Bonds</b>				
2013	\$ 6,386	\$ 770	\$ 509	5.0
2012	6,302	744	535	4.9
2011	6,291	718	559	4.9
2010	6,000	694	581	4.7
2009	4,200	673	611	3.3
2008	5,500	653	619	4.3
2007	5,100	602	668	4.0
2006	4,200	580	690	3.3
2005	4,500	550	725	3.5
2004	4,390	540	750	3.4
<b>State Fair (EXPO) Bonds</b>				
2013	\$ 1,070	\$ 628	\$ 70	1.5
2012	1,100	607	79	1.6
2011	1,000	587	98	1.5
2010	1,000	570	115	1.5
2009	1,000	554	130	1.5
2008	800	541	143	1.2
2007	750	531	154	1.1
2006	770	209	157	2.1
2005	720	775	35	0.9
2004	N/A	N/A	N/A	N/A
<b>Spaceport Authority Bonds</b>				
2013	\$ 6,258	\$ 2,625	\$ 3,022	1.1
2012	5,900	2,565	3,066	1.0
2011	6,200	1,905	2,679	1.4
2010	6,200	2,025	2,204	1.5
Debt not issued in prior years.				



# STATE OF NEW MEXICO

## DEMOGRAPHIC AND ECONOMIC INDICATORS

## SCHEDULE D-1

Last Ten Fiscal Years

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling (Pop=25 Yrs &amp; &gt;)</b>	<b>Public School Enrollment</b>
2013	2,085,287	\$ 73,159,160,000	\$ 35,083	36.8	N/A	338,223
2012	2,085,538	73,159,160,000	35,079	36.8	N/A	337,225
2011	2,065,932	71,993,000,000	34,575	36.7	N/A	328,591
2010	2,059,179	69,435,000,000	33,342	36.6	12.4	330,142
2009	2,009,671	66,745,000,000	33,212	35.5	12.4	323,882
2008	1,984,356	66,337,250,000	33,430	35.8	12.3	329,261
2007	2,059,075	62,001,991,000	31,474	35.7	12.3	326,525
2006	2,014,006	58,131,416,000	29,929	35.3	12.3	321,663
2005	1,969,291	53,992,896,000	28,175	36.1	12.3	320,452
2004	1,929,713	49,813,042,000	26,326	35.7	12.3	315,543

Sources: Population, Per Capita Personal Income - New Mexico Bureau of Business and Economic Research, University of New Mexico School Enrollment - New Mexico Department of Finance and Administration, Office of Education and Accountability Personal Income - Department of Commerce Bureau of Economic Analysis.

Note: Personal Income data as of 2012, 4th quarter.  
2012 population data represents estimates based on the 2010 census.

Note: Statistics were revised to indicate the percentage of individuals that have attained educational levels instead of the average educational level as was done in prior years.

# STATE OF NEW MEXICO

## PRINCIPAL EMPLOYERS

## SCHEDULE D-2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2013			Calendar Year 2003		
	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
State of New Mexico (total offices, departments, etc.)	21,832	1	2.5%	21,072	3	2.8%
UNM (Campuses, Hospital, Medical Group, Etc.)	21,320	2	2.4%	23,327	1	3.1%
Albuquerque Public Schools	14,810	3	1.7%	11,700	4	1.5%
New Mexico State University	12,737	4	1.5%	8,084	5	1.1%
CNM	11,777	5	1.4%	1,809	17	0.2%
KAFB (DOD, Active Duty, Civil Service excluding SNI)	10,125	6	1.2%	22,365	2	2.9%
Sandia National Laboratories	8,400	7	1.0%	6,831	9	0.9%
Los Alamos National Laboratories	7,949	8	0.9%	7,500	6	1.0%
Presbyterian Healthcare	6,965	9	0.8%	7,000	7	0.9%
City of Albuquerque	6,940	10	0.8%	6,940	8	0.9%
White Sands Missile Range	6,636	11	0.8%	3,940	12	0.5%
Wal-Mart	5,400	12	0.6%	2,348	14	0.3%
Lovelace Health Systems	4,000	13	0.5%	5,500	10	0.7%
Intel Corporation	3,300	14	0.4%	5,400	11	0.7%
Las Cruces Public Schools	3,000	15	0.3%	N/A	N/A	N/A
Eastern New Mexico University	2,955	16	0.3%	N/A	N/A	N/A
Bernalillo County	2,648	17	0.3%	1,467	19	0.2%
Smith's Food & Drug Stores	2,350	18	0.3%	2,242	15	0.3%
Raymond G. Murvphy VA Medical Center	2,300	19	0.3%	1,712	18	0.2%
New Mexico Highlands University	2,165	20	0.2%	N/A	N/A	N/A
New Mexico Veteran's Affairs Health Care System	2,100	21	0.2%	N/A	N/A	N/A
Santa Fe Public Schools	2,027	22	0.2%	1,850	16	0.2%
Christus St. Vincent Regional Medical Center	2,000	23	0.2%	1,450	20	0.2%
Rio Rancho Public Schools	2,000	24	0.2%	N/A	N/A	N/A
PNM Resources	1,909	25	0.2%	2,700	13	0.4%
<b>Total Employees of Principal Employers</b>	<b>167,645</b>		<b>19.2%</b>	<b>145,237</b>		<b>19.1%</b>

# STATE OF NEW MEXICO

## COMPOSITION OF LABOR FORCE

Last Ten Calendar Years

	Calendar Year				2009, as Restated
	2013	2012	2011	2010	
<b>Nonagricultural Jobs</b>					
Government	188,300	182,297	195,100	192,746	189,470
Mining	26,800	23,959	21,300	17,834	17,581
Construction	40,600	41,116	43,400	43,509	47,731
Manufacturing	27,300	29,672	29,400	28,693	30,013
Trade, Transportation and Utilities	136,800	134,061	133,300	130,652	134,337
Information	12,300	13,523	14,400	14,720	14,721
Financial Activity	34,100	35,547	32,500	21,813	22,144
Professional and Business Services	96,800	92,746	100,500	109,360	112,599
Education and Health Services	123,200	114,233	121,700	108,458	106,613
Leisure and Hospitality	85,000	86,269	86,300	83,079	84,167
Other Services	27,200	20,970	28,600	20,810	21,413
Total Nonagricultural Jobs	<u>798,400</u>	<u>774,393</u>	<u>806,500</u>	<u>771,674</u>	<u>780,789</u>
Civilian Labor Force	935,890	943,092	942,386	961,006	956,124
Total Employed	871,299	871,665	868,801	879,921	887,667
Unemployed	64,591	71,427	73,585	81,084	68,457
Unemployment Rate	6.9%	7.6%	7.8%	7.0%	7.2%
Seasonally Adjusted Rate	6.8%	7.0%	7.8%	8.4%	7.2%

Source: New Mexico Department of Workforce Solutions

**SCHEDULE D-3**

<b>Calendar Year</b>				
<b>2008, as Restated</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
187,723	186,955	183,436	181,088	178,280
21,078	19,347	18,624	16,860	15,010
57,356	59,966	59,191	54,356	50,301
35,035	37,606	37,659	36,306	35,870
143,162	142,935	139,875	138,417	136,223
15,970	17,327	15,859	14,651	14,816
33,350	33,822	33,870	33,617	33,171
108,484	109,233	102,361	92,472	89,996
102,859	99,639	96,060	93,236	90,856
86,625	89,249	86,621	83,763	82,443
22,846	21,869	21,817	21,362	21,133
<b>814,488</b>	<b>817,948</b>	<b>795,373</b>	<b>766,128</b>	<b>748,099</b>
959,458	863,518	846,790	826,405	812,365
919,466	830,424	807,063	778,233	760,449
39,992	33,094	39,727	48,172	51,916
4.2%	3.5%	4.2%	5.3%	5.8%
4.2%	3.8%	4.7%	5.8%	6.4%

# STATE OF NEW MEXICO

## PUBLIC HIGHER EDUCATION ENROLLMENT

Last Ten Academic Years

	Academic Year				
	2012-13	2011-12	2010-11	2009-10	2008-09
Eastern New Mexico University	6,862	6,874	6,238	5,639	4,300
Highlands University	2,758	2,778	2,599	4,688	3,524
New Mexico Institute of Mining and Technology	1,694	1,599	1,423	2,550	1,912
New Mexico State University	22,756	23,418	21,897	20,411	17,200
Northern New Mexico College <sup>2</sup>	1,186	1,254	1,317	3,717	3,303
University of New Mexico	28,558	28,541	26,662	30,156	25,820
Western New Mexico University	2,153	2,180	2,109	4,052	2,820
<b>Total All Four-Year Institutions</b>	<b>65,967</b>	<b>66,644</b>	<b>62,245</b>	<b>71,213</b>	<b>58,879</b>
Central New Mexico Community College <sup>1</sup>	15,818	16,384	15,617	38,842	35,553
Clovis Community College	1,684	1,760	1,827	6,198	5,876
Luna Community College	925	1,013	998	2,970	3,078
Mesalands Community College	652	597	594	1,783	1,431
New Mexico Junior College	1,626	1,966	1,810	4,887	4,691
New Mexico Military Institute	613	579	607	549	564
Northern New Mexico College <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
San Juan Community College	4,948	5,027	4,723	20,736	17,050
Santa Fe Community College	2,883	2,890	2,867	9,397	9,040
<b>Total All Two-Year Institutions</b>	<b>29,149</b>	<b>30,216</b>	<b>29,043</b>	<b>85,362</b>	<b>77,283</b>
<b>Total All Institutions</b>	<b>95,116</b>	<b>96,860</b>	<b>91,288</b>	<b>156,575</b>	<b>136,162</b>

<sup>1</sup> Albuquerque Technical Vocational Institute's name changed to Central New Mexico Community College

<sup>2</sup> In the 2005 - 2006 year, Northern New Mexico College was accredited as a four-year institution

Sources: New Mexico Higher Education Department, Student Enrollment Data, Full Time Equivalents  
[http://hed.state.nm.us/PR\\_studenrollment.aspx](http://hed.state.nm.us/PR_studenrollment.aspx)

**SCHEDULE D-4**

<b>Academic Year</b>				
<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2003-04</b>
4,180	8,863	8,945	8,914	7,973
3,457	3,726	3,484	3,551	3,207
1,844	1,868	1,888	1,829	1,800
16,726	27,507	26,902	26,645	25,757
N/A	2,250	2,196	N/A	N/A
25,749	32,506	33,108	33,614	32,953
2,727	2,738	2,844	2,858	2,982
54,683	79,458	79,367	77,411	74,672
34,722	23,607	24,057	22,927	22,002
5,703	3,652	3,937	4,195	4,126
2,870	1,807	2,034	2,041	1,655
1,137	692	648	574	498
4,553	3,106	3,104	3,546	3,280
588	513	493	483	435
N/A	N/A	N/A	2,121	1,822
15,541	9,941	8,993	9,128	7,585
8,960	5,450	5,412	5,170	4,405
74,074	48,768	48,678	50,185	45,808
128,757	128,226	128,045	127,596	120,480

# STATE OF NEW MEXICO

## FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2013	2012	2011	2010	2009
General Government					
Government Operations	1,228.5	1,215.0	1,255.3	1,314.3	1,315.3
Taxation and Revenue	1,136.0	1,136.0	1,150.5	1,280.0	1,206.0
Human Services and Youth Corrections	4,225.1	4,357.1	4,323.1	4,404.6	4,325.1
Adult Corrections	2,453.5	2,490.5	2,490.5	2,538.5	2,538.5
Public Safety	1,456.7	1,467.7	1,474.5	1,578.5	1,574.5
State Courts	3,497.8	3,490.1	3,503.1	3,502.5	3,477.0
Health and Environment					
Department of Health	3,946.0	3,941.0	4,098.0	4,182.0	4,138.0
Department of Environment	671.5	673.0	685.0	720.5	720.5
Miners Colfax Community Hospital	224.0	225.0	225.0	225.0	225.0
Employment and Family Services	587.5	624.5	652.5	698.5	696.5
Natural Resources	1,018.8	1,012.3	962.3	1,001.3	993.3
Cultural Affairs	505.5	536.7	534.2	572.0	551.0
Business, Labor and Agriculture	1,734.7	1,799.4	1,845.7	1,910.7	1,955.3
Education	364.8	418.8	412.2	435.2	423.2
Transportation	2,502.5	2,502.5	2,504.5	2,756.5	2,756.5
<b>Total Full-Time Equivalent State Employees</b>	<b>25,552.9</b>	<b>25,889.6</b>	<b>26,116.4</b>	<b>27,120.1</b>	<b>26,895.7</b>
Change	-1.3%	-0.9%	-3.8%	0.8%	-0.8%

Source: New Mexico Legislative General Appropriation Act for each fiscal year's annual appropriation.

Note: During 2006, Adult Protective Services Division was moved to Aging and Long-Term Services Department from Children, Youth, and Families Department.

## SCHEDULE E-1

Fiscal Year				
2008	2007	2006	2005	2004
1,311.3	1,231.1	1,220.8	1,245.3	1,189.6
1,241.7	1,124.7	1,109.7	1,010.7	987.7
4,375.1	4,100.1	3,985.1	3,779.8	3,776.3
2,538.5	2,473.5	2,326.0	2,295.0	2,287.0
1,595.6	1,520.1	1,476.1	1,449.5	1,384.0
3,481.0	3,175.3	2,988.3	2,905.8	2,844.0
4,141.0	4,065.5	4,014.5	3,866.8	3,904.3
720.5	664.5	647.5	640.5	640.5
225.0	225.0	225.0	225.0	225.0
696.5	674.0	672.0	651.5	650.2
1,041.3	1,002.8	957.7	870.7	863.7
586.0	565.5	561.5	555.0	557.4
1,960.1	2,110.2	1,893.7	1,874.4	1,873.3
427.8	391.8	386.3	333.9	316.7
<u>2,756.5</u>	<u>2,673.5</u>	<u>2,673.5</u>	<u>2,673.5</u>	<u>2,673.5</u>
<u>27,097.9</u>	<u>25,997.6</u>	<u>25,137.7</u>	<u>24,377.4</u>	<u>24,173.2</u>
<u>4.1%</u>	<u>3.3%</u>	<u>3.0%</u>	<u>0.8%</u>	<u>1.2%</u>



# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2013	2012	2011	2010	2009, as Restated
<b>General Government</b>					
<b>Operations</b>					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) <sup>5,7,8,11</sup>	30th	50 <sup>th</sup>	49 <sup>th</sup>	81 <sup>st</sup>	49 <sup>th</sup>
<b>Taxation</b>					
% of Electronically Filed Personal Income Tax Returns <sup>5,6,9</sup>	85%	82%	63%	55%	51%
% of Motor Vehicle Registrations Issued (with Liability Insurance) <sup>5,6</sup>	91%	92%	91%	91%	91%
Amount of Delinquent Property Tax Collected and Distributed to Counties (New Measure Fiscal Year 2009, \$ Millions) <sup>8,10</sup>	12	11	7	5	5
<b>Regulation</b>					
# of Vehicular Port Traffic at New Mexico Ports <sup>5,7,10</sup>	824,824	766,671	830,000	434,061	864,020
Nursing Licenses Issued <sup>5,7,10</sup>	15,081	14,500	13,576	NA	13,897
Tri-Annual Physician Licenses Issued <sup>5,7,10</sup>	3,661	3,000	2,707	2,403	3,546
Biennial Physician Assistant Licenses Issued <sup>5,7,10</sup>	398	225	262	230	277
<b>Public Safety</b>					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau <sup>5,7,10</sup>	11,564	35,500	25,000	18,013	23,453
# of Traffic Fatalities <sup>5,9</sup>	304	395	306	351	384
# of Driving While Intoxicated Fatalities <sup>5,9</sup>	120	169	89	147	153
# of Driving While Intoxicated Arrests <sup>5,7</sup>	N/A	2,479	3,309	4,311	3,694
<b>Education</b>					
<b>Public</b>					
# of High School Graduates <sup>1</sup>	25,903	20,594	N/A	NA	19,357
Student Dropout Rate for Grades 9 - 12 <sup>2</sup>	4.7%	4.6%	N/A	NA	NA
Public School Capital Outlay Allocation (\$ Millions) <sup>3,4</sup>	483	136	N/A	NA	153
<b>Higher</b>					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) <sup>8,10</sup>	44%	40%	43%	NA	43%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years <sup>5,6,8,10</sup>	72%	73%	71%	NA	65%

## SCHEDULE E-2

Fiscal Year				
2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated
49 <sup>th</sup>	41 <sup>st</sup>	82 <sup>nd</sup>	83 <sup>rd</sup>	87 <sup>th</sup>
49%	37%	34%	30%	17%
89%	89%	87%	86%	83%
NA	NA	NA	3	NA
742,395	740,931	693,583	623,855	664,528
13,930	13,281	11,885	11,099	11,586
3,508	2,831	3,010	2,787	1,668
262	245	221	411	201
28,422	25,817	26,196	48,774	20,250
371	424	519	469	521
163	137	199	146	217
3,363	3,883	3,261	3,879	4,314
18,588	18,260	17,660	17,830	18,080
5%	6%	5%	5%	5%
137	160	242	280	248
43%	42%	37%	39%	39%
66%	65%	65%	64%	64%

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	Fiscal Year				2009, as Restated
	2013	2012	2011	2010	
<b>Health and Human Services</b>					
% of Children Receiving Services in Medicaid Managed Care <sup>5 6 10</sup>	70%	70%	60%	60%	60%
% of Child Support Collected of Support Owed <sup>5 6 9</sup>	56%	57%	57%	58%	59%
# of Homeless Veterans Provided Shelter (Period of Two Weeks or More) <sup>5 7 8 10</sup>	132	173	300	190	182
% of Children Adopted within 24 Months of Entry into Foster Care <sup>5 7 8 10</sup>	31%	35%	28	23%	28%
% of Abused Children with Repeat Maltreatment <sup>5 6 9</sup>	0.087	7	6%	NA	6%
% of Preschoolers Fully Immunized <sup>5 6 9</sup>	80%	76%	65%	70%	95%
# of Operating School-Based Health Centers <sup>5 6 13</sup>	80	82	84	84	84
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) <sup>5 7</sup>	NA	4	4	4	4
<b>Corrections</b>					
<b>Juvenile</b>					
% Juveniles Earning Education Credits While Incarcerated <sup>5 6</sup>	NA	55%	47%	60%	38%
% of Juveniles Who Complete Formal Probation <sup>5 6</sup>	NA	90%	92%	90%	91%
% of Juveniles Recommitted to a Youth Detention Facility <sup>5 6 9</sup>	9%	12%	11%	80%	10%
<b>Adult</b>					
Turnover Rate of Correctional Officers <sup>5 7 9</sup>	8%	11%	13%	15%	10%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) <sup>5 7 9</sup>	28%	37%	35%	32%	40%
% of Prisoners Reincarcerated within 36 Months After Release <sup>10</sup>	45%	40%	40%	44%	46
<b>Culture and Recreation</b>					
# of Visits to Visitor Information Centers (Millions) <sup>5 7 8</sup>	NA	1.3	1	1	1
# of Unique Website Visitor Sessions (Millions) <sup>5 7 8</sup>	NA	2	3	2	1
Circulation Rate for New Mexico Magazine <sup>5 7 8 9</sup>	91,197	94,221	90,000	85,264	85,264
Attendance to Museum Exhibitions, Performances, Films, Programs <sup>5 7 8 10</sup>	826,912	830,000	845,000	827,281	843,475
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters <sup>5 7 8 10</sup>	86%	80%	80%	87%	83%
Fish Output from Hatchery System (in Pounds) <sup>5 7 8 10</sup>	621,721	592,247	455,000	485,375	423,501
# of Visitors to State Parks (Millions) <sup>5 6 8 9</sup>	3.8	4	4	5	5
<b>Natural Resources, Environment</b>					
# of Inspections of Oil and Gas Wells and Associated Facilities	37,707	35,147	27,816	38,352	38,318
% of Required Mine Inspection Conducted <sup>5 7 8</sup>	100%	100%	100%	100%	100%
% of Abandoned Uranium Mines with Current Site Assessments <sup>5 7 8</sup>	NA	50%	50%	70%	23%
% of Landfills Meeting Groundwater Monitoring Requirements <sup>5 6</sup>	100%	95%	97%	NA	72%
# of Wildlife Habitat Acres Conserved or Enhanced <sup>8</sup>	999	100,000	65,000	106,138	76,861
# of Threatened/Endangered Species Monitored/Involved in	39	35	35	46	82

**SCHEDULE E-2 (CONTINUED)**

Fiscal Year				
2008, as Restated	2007, as Restated	2006, as Restated	2005, as Restated	2004, as Restated
64%	65%	55%	45%	52%
58%	56%	54%	52%	52%
222	270	160	840	72
36%	38%	33%	35%	44%
8%	7%	8%	7%	11%
81%	72%	78%	84%	75%
84	65	66	34	13
3	4	4	4	4
75%	84%	72%	42%	NA
90%	91%	90%	80%	83%
4%	13%	14%	17%	17%
13%	15%	21%	11%	12%
33%	38%	41%	38%	NA
NA	NA	NA	NA	NA
1	1	1	1	1
3	5	5	3	NA
105,665	105,275	107,870	106,758	113,333
840,520	790,175	902,282	886,812	808,457
83%	83%	85%	84%	85%
451,337	410,579	441,707	477,665	312,625
5	4	4	4	4
35,169	NA	NA	NA	NA
99%	NA	NA	NA	NA
NA	NA	NA	NA	NA
61%	66%	71%	80%	88%
132,00	110,621	106,921	NA	NA
77	69	58	49	42

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	Fiscal Year				
	2013	2012	2011	2010	2009, as Restated
<b>Business, Labor, and Agriculture</b>					
% of Adults who Entered Employment in 1 <sup>st</sup> Quarter of Receiving Training Services <sup>5 9</sup>	74%	72%	86%	57%	83%
# of Rural Jobs Created <sup>5 6 9</sup>	1,440	1,542	958	1,446	1,641
# of Media Industry Worker Days <sup>5 6 9</sup>	216,461	143,046	181,366	142,524	162,190
Economic Impact of Media Industry Productions (\$ Millions) <sup>5 6 9</sup>	641	674	697	559	746
<b>Highways and Transportation</b>					
# of System wide Miles in Deficient Condition <sup>5 6 9</sup>	<5,000	3837	3,407	3,171	2,951
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled <sup>5 7 8 12</sup>	<1.5	<1.5	1	1	1
# of Statewide Improved Pavement Surface Miles <sup>5 6 9</sup>	3139	>2,750	4,000	2,393	3,764

Sources: Various departments of the State of New Mexico

<sup>1</sup> New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates

<sup>2</sup> [New Mexico Dropout Report published by New Mexico Public Education Department](#)

<sup>3</sup> [Report of the Legislative Finance Committee to the 47th Legislature First Session, January 2006, Vol. I, Pg. 105](#)

<sup>4</sup> New Mexico Public Schools Finance Authority

<sup>5</sup> [Report of the Legislative Finance Committee to the 47th Legislature Second Session, January 2006, Vol. II, Pgs. 57, 63-65, 93, 105, 113, 117, 127, 130, 132, 137, 139, 161, 164, 166, 181, 192-193, 198-199, 201, 227, 242, 244, 249, 255, 258, 268, 274-276, 288, 295, 300-301, 306, 310, 315, 318, 325, 331, 345](#)

<sup>6</sup> [Report of the Legislative Finance Committee to the 48th Legislature First Session, January 2007, Vol. I, Pgs. 123, 128, 130-131, 133-134, 137-139, 142, 144-146](#)

<sup>7</sup> [Report of the Legislative Finance Committee to the 48th Legislature Second Session, January 2007, Vol. II, Pg. 35, 55, 110, 114, 126, 129, 131, 136, 153, 157, 161, 163, 171, 181, 191-92, 200, 226, 250, 259, 269, 297, 302-3, 307, 316-17, 321, 328, 335](#)

<sup>8</sup> [Report of the Legislative Finance Committee to the 50th Legislature Second Session, January 2012, Vol. II, Pg. 92, 93, 95, 99, 100, 101, 102, 103, 104, 105, 106, 108, 112, 113, 114, 122, 123, 178, 187, 188, 194, 262, 287, 291, 303, 322, 323, 336, 338](#)

<sup>9</sup> [Report of the Legislative Finance Committee to the 51th Legislature Second Session, January 2014, Vol. I, Pg. 89, 98, 99, 100, 101, 105, 108, 112, 115, 116, 124, 125, 132, 133](#)

<sup>10</sup> [Report of the Legislative Finance Committee to the 51th Legislature Second Session, January 2014, Vol. II, Pg. 41, 59, 121, 150, 157, 159, 185, 230, 276, 278, 283, 330, 332](#)

<sup>11</sup> [Pension fund rankings by state - Crain's Chicago Business, http://www.chicagobusiness.com/article/20130110/NEWS07/130109847/pension-fund-rankings-by-state-were-no-50](#)

<sup>12</sup> [http://www.tripnet.org/docs/NM\\_Transportation\\_By\\_The\\_Numbers\\_T](http://www.tripnet.org/docs/NM_Transportation_By_The_Numbers_T)

<sup>13</sup> [New Mexico Alliance for School-Based Health Care \(NMASBHC\): http://www.nmasbhc.org/index.html](http://www.nmasbhc.org/index.html)

Note: The State of New Mexico passed the Accountability in Government Act, NMSA 6-3A, in 1999. Efforts have been made in identifying and determining performance measurements since that time. Agencies began tracking and calculating these performance measurements beginning in fiscal year 2004; therefore, we are only able to provide five fiscal years of operating indicators at this time. These operating indicators will continue to be tracked in the future in order to reach a ten year historical comparison.

N/A <sup>1</sup> Measure deleted in FY09 and replaced by different criteria.

NA Information not available.

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**SCHEDULE E-2 (CONTINUED)**

	<b>Fiscal Year</b>				
<b>2008, as Restated</b>	<b>2007, as Restated</b>	<b>2006, as Restated</b>	<b>2005, as Restated</b>	<b>2004, as Restated</b>	
86%	85%	80%	74%	77%	
2,200	1,451	2,192	2,043	1,698	
110,000	168,046	161,137	99,695	40,087	
175	474	350	272	NA	
3,468	3,468	3,905	5,567	5,768	
6	2	2	2	2	
4,321	2,424	4,144	3,700	5,337	

# STATE OF NEW MEXICO

## CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				2009, as Restated
	2013	2012	2011	2010	
<b>General Government</b>					
Buildings	110	110	110	110	110
<b>Public Safety</b>					
Buildings (not inc. POE'S)	29	29	29	9	8
Vehicles	921	921	935	935	983
Ports of Entry	16	16	16	14	14
<b>Health and Human Services</b>					
Buildings - General Administrative	34	34	34	34	34
Buildings - Program					
Juvenile Reintegration Center	3	3	3	3	3
Medical Center/Hospital	253	253	253	253	253
Rehabilitation Facility	7	7	7	7	7
Veterans' Center	11	11	11	11	11
Vehicles	426	426	440	440	440
<b>Corrections</b>					
Buildings	330	330	330	330	330
Vehicles	355	355	369	369	369
<b>Culture and Recreation</b>					
Vehicles	45	45	48	59	57
Museums	4	4	8	8	8
Monuments	6	6	8	6	6
<b>Natural Resources, Environment</b>					
Vehicles	380	380	383	383	387
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	171,241	171,241	171,241	171,241	171,241
Fish Hatcheries	6	6	6	6	6
<b>Highways and Transportation</b>					
Highway Lane Miles	26,598	26,598	26,598	26,598	26,688
Vehicles/Heavy Equipment	6,417	6,417	6,417	6,469	6,300

Sources: New Mexico General Services Department, Property Control Division and Public Information Office ; New Mexico Game and Fish Department, Administrative Services Division; New Mexico Energy and Minerals Department, Administrative Services Division; New Mexico Department of Transportation, Office of Employee Support and Development; New Mexico Health and Human Services Department, Administrative Services Division; New Mexico Corrections Department, Administrative Services Division; New Mexico Children, Youth and Families Department, Administrative Services Division; New Mexico Department of Cultural Affairs, Administrative Services Division; State of New Mexico Report of the Legislative Finance Committee to the 47th Legislature Second Session, Vol. III, January 2006, pg. 23

Note: Capital asset information is only available beginning with fiscal year 2002 when the State implemented GASB Statement 34.

NA Information not available.

**SCHEDULE E-3**

Fiscal Year				
2008, as Restated	2007, as Restated	2006	2005	2004
101	104	99	99	99
7	7	7	7	7
926	989	990	1,056	1,012
13	13	13	13	13
32	32	33	33	33
3	3	3	3	3
248	248	255	255	255
7	7	7	7	7
11	11	11	11	11
417	382	385	343	339
326	322	321	321	321
379	300	353	370	358
57	61	69	77	74
8	8	8	8	8
6	7	6	5	5
383	340	336	323	325
34	34	33	32	31
171,241	166,000	166,000	166,000	166,000
6	6	6	6	6
30,417	30,417	29,952	29,456	29,273
6,531	6,421	6,421	6,421	6,421

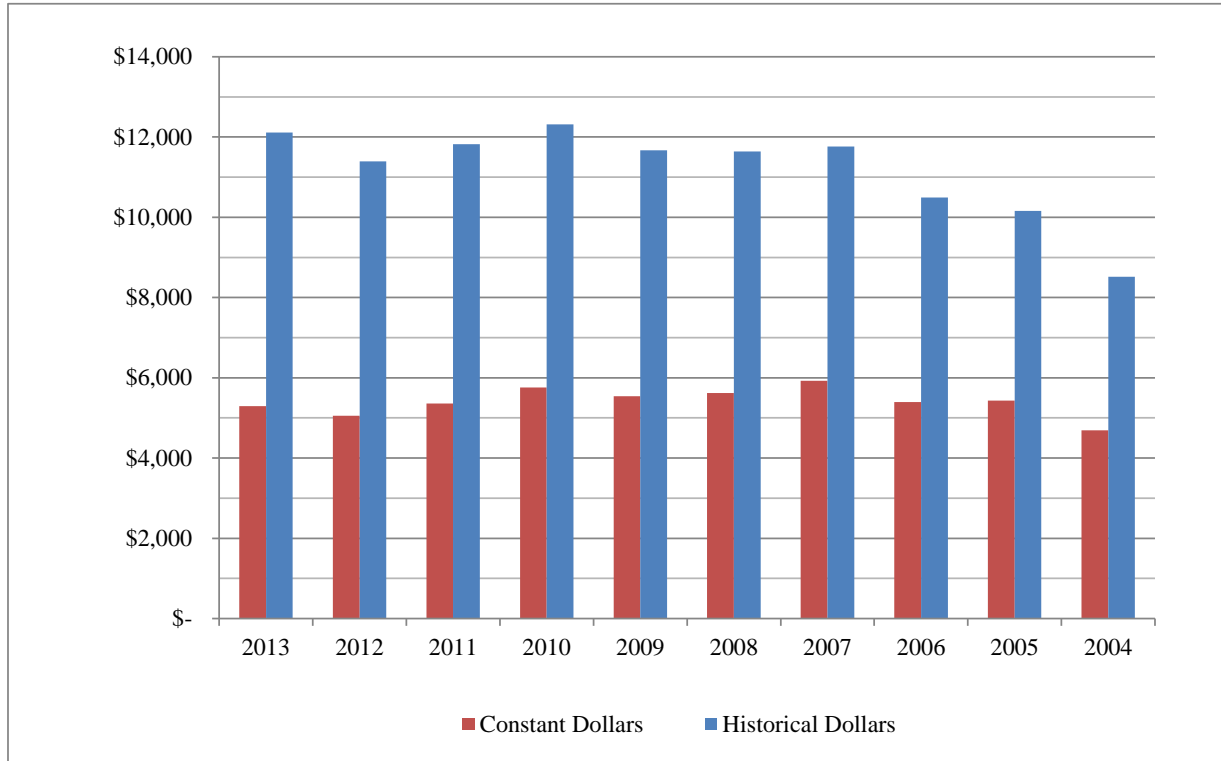


# STATE OF NEW MEXICO

## EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES

SCHEDULE F-1

Last Ten Fiscal Years



### Expenditures

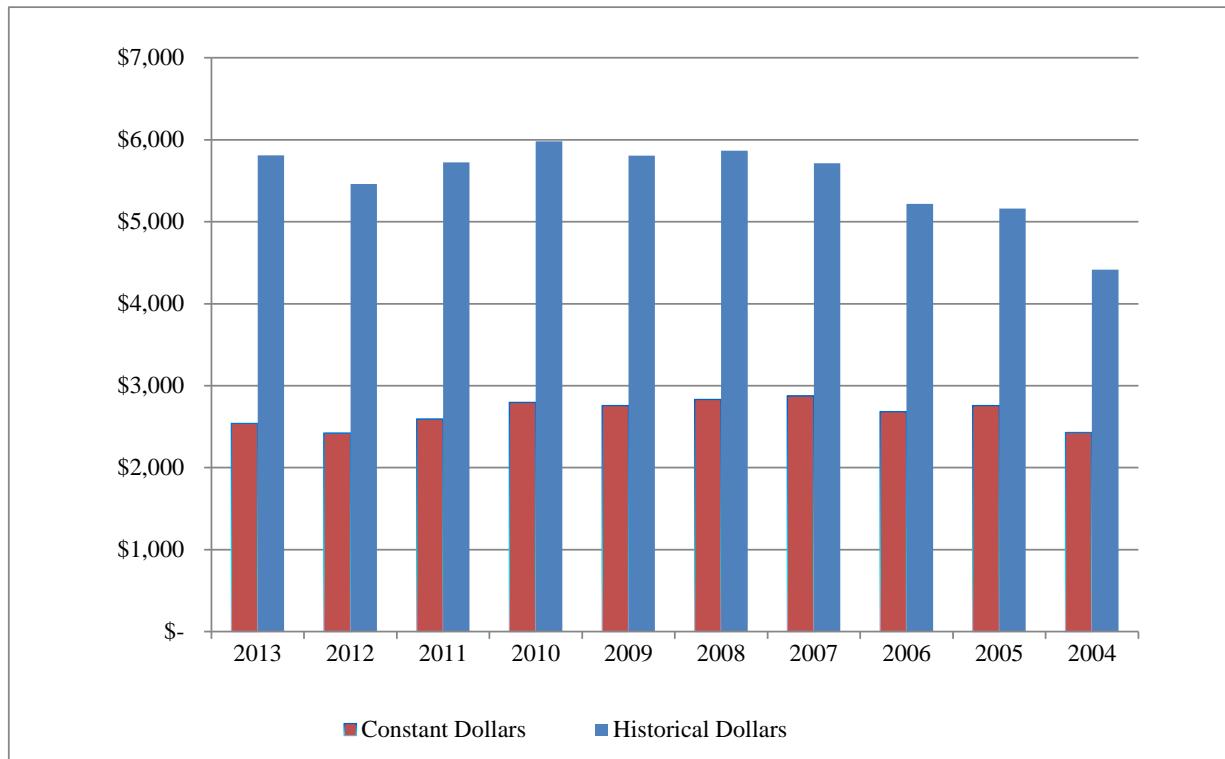
Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2013	\$ 12,114	6.4%	\$ 5,296	4.8%
2012	11,390	-3.7%	5,055	-5.6%
2011	11,825	-4.0%	5,357	-6.9%
2010	12,316	5.5%	5,757	3.9%
2009	11,671	0.3%	5,543	-1.3%
2008	11,640	-1.1%	5,619	-5.1%
2007	11,764	12.1%	5,922	9.8%
2006	10,495	3.3%	5,393	-0.7%
2005	10,160	19.2%	5,429	15.8%
2004	8,520	7.1%	4,688	5.1%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

# STATE OF NEW MEXICO

## PER CAPITA EXPENDITURES HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES Last Ten Fiscal Years

SCHEDULE F-2



### Per Capita Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2013	\$ 5,809	6.4%	\$ 2,540	4.8%
2012	5,462	-4.6%	2,424	-6.5%
2011	5,724	-4.3%	2,593	-7.3%
2010	5,981	3.0%	2,796	1.4%
2009	5,807	-1.0%	2,758	-2.6%
2008	5,866	2.7%	2,832	-1.5%
2007	5,713	9.5%	2,876	7.2%
2006	5,220	1.1%	2,682	-2.7%
2005	5,161	16.9%	2,758	13.5%
2004	4,415	5.5%	2,429	3.5%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

Note: 2008 amounts have been restated.

**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**

The Honorable Susana Martinez, Governor of the State of New Mexico  
Mr. Thomas Clifford, Ph.D., Secretary of the New Mexico Department of Finance and Administration,  
Mr. Ricky Bejarano, CPA, Deputy Secretary of the New Mexico Department of Finance and Administration and State Controller  
and  
Mr. Hector H. Balderas, New Mexico State Auditor

We were engaged to audit, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico (State), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and the combining and individual funds and related budgetary comparisons of the State presented as supplementary information, and have issued our report thereon dated June 29, 2014. Our report disclaims opinions on such financial statements because of the matters described in the "Bases for Disclaimer of Opinions on All Opinion Units" paragraph in our report starting on page 2.

**Internal Control Over Financial Reporting**

In connection with our engagement to audit the financial statements of the State, we considered the State'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State'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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2013-001, 2013-002, 2013-003, 2013-004, and 2013-005.

### **Compliance and Other Matters**

In connection with our engagement to audit the financial statements of the State, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The State's Responses to Findings**

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

### **CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
June 29, 2014

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings**

**2013-001 - Book to Bank Reconciliation – General Fund Investment Pool – FCD (Material Weakness)**

**Condition:** In June 2012, the State Controller of the Financial Control Division (the Division) commissioned a diagnostic report with the purpose of assessing the current state of cash reconciliation and determining recommendations for remediating the remaining system and business process issues pertaining to the book to bank processes. The State General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting and management Reporting system (SHARE) in July 2006. Some key observations revealed by the diagnostic report are summarized below:

1. Complete functionality available in the SHARE Treasury application was not implemented. The premise of the reconciliation functionality in PeopleSoft is that all system transactions have an accounting entry on the GL and that each bank transaction reconciles to the system transaction. This is not the case for the current implementation of SHARE.
2. The business process surrounding deposits, payments and cash management activities is not standardized across all agencies of the State.
3. The State does not currently require that all bank transactions have a corresponding accounting entry. There are accounts where the detail bank activity is not being recorded nor reconciled in the GL.
4. Appropriate end user training was never provided to ensure the users are aware of the tasks they perform in the system and the impact they have on the bank activity and the reconciliation process.
5. The current bank account structure is not optimal for managing and performing bank reconciliation.

**FY 2013 Update:** During fiscal year 2013 (FY13), management coordinated the cash management remediation initiative effort which provided a mechanism to implement the system configuration and business process changes that were necessary to be able to produce a state-wide cash reconciliation that expresses the cash position of the State of New Mexico on a daily and monthly basis. Although the State may have implemented procedures to be able to begin to reconcile fiscal agent bank activity, a complete reconciliation of the FY13 activity was not performed. In addition, the historical reconciliation of activity prior to the cash management remediation initiative remains outstanding.

**Criteria:** Section 6-5-2.1(J) NMSA 1978 requires the Division to perform monthly reconciliations with the balances and accounts kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

**Cause:** When SHARE was first implemented in fiscal year 2007 (FY07), the implementation was not properly planned and implemented to incorporate the full functionality of the system. As a result, the majority of FY07 was focused on system stabilization and user adoption. In addition, the business processes across agencies have become inconsistent from agency to agency and include numerous manual and customized processes. Over time, there have been attempts to perform a reconciliation; however, with the numerous inconsistent business processes and customizations across agencies and the incomplete implementation, the Division was unsuccessful in performing complete reconciliations.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-001 - Book to Bank Reconciliation – General Fund Investment Pool – FCD (Material Weakness) - continued**

**Effect:** Without an accurate and timely complete reconciliation, verification of individual agency balances is not possible, thus the State is uncertain as to the actual cash position of the State as a whole and by participant. In addition, there is a higher risk of fraudulent activity and misrepresentation of financial statement balances occurring and not being detected. In addition, the State has recorded a \$70 million allowance for a potential loss related to the reconciliation of the State's General Investment Pool in the State's General Operating Reserve Fund. Furthermore, this issue was identified as one of the bases for a disclaimer on all opinion units for the FY13 audit, which the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. As result, potential users of the State's financial statements are not provided with any assurance as to the accuracy of the State's financial position as presented in the State's financial statements for FY13.

**Auditors' Recommendation:** The Division has already begun to address this issue with the efforts of the cash management remediation initiative; in addition, the Division has contracted with a 3<sup>rd</sup> party to address the historical population of reconciling items. We recommend the Division continue the remediation efforts until the issues are resolved and to continue to refine and establish policies and procedures to prevent future reoccurrences.

**Management's Response:** Management agrees with this finding and acknowledges the independent bank reconciliation as a fundamental control.

The State of New Mexico deployed the Statewide Human Resource, Accounting and Management Reporting System (SHARE) on July 1, 2006. SHARE is an implementation of PeopleSoft's Enterprise Resource Planning (ERP) application, which includes Financial and Supply Chain Management and Human Capital Management functionality. ERP systems support and encompass the major business activities, including Procure to Pay, Order to Cash, Banking and Personnel Management. When SHARE was implemented in 2006, there was no effort to standardize business processes or restrict systems customizations; as a result, post implementation effort was focused on systems stabilization. Additionally, there were instances of incomplete or improper module implementation, all of which hindered efforts to embed a complete and accurate bank reconciliation process. Although efforts were undertaken between FY 2007 – FY 2010 to address these issues, they resulted in marginal success as needed SHARE configuration changes and State business process redesign efforts were not part of the scope. Given the noted limitations, a full reconciliation of statewide cash balances was not performed during the period beginning with SHARE implementation up until completion of the Cash Management Remediation Project.

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

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-001 - Book to Bank Reconciliation – General Fund Investment Pool – FCD (Material Weakness) - continued**

With respect to the historical balances, the plan has been to pursue reconciliation via a separate initiative to commence after successful implementation of an on-going process. Having achieved the first part, DFA received funding during the 2014 legislative session to undertake the review and reconciliation of the historical balances. The historical cash reconciliation project was to begin July 2014. The objective of the historical reconciliation is to achieve a level of confidence in the cash balance amounts and reasons for any and all adjustments necessary to bring book cash balances back in line with those at the bank.

**2013-002 Interagency/Interfund Transactions (Material Weakness)**

**Condition:** The Statewide Financial Reporting and Accountability Bureau (SFRAB) was aware of the significant issues with the interagency transactions among the various governmental agencies of the State during the 2012 Comprehensive Annual Financial Report (CAFR) preparation process. In response, prior to starting the FY13 audit, the SFRAB performed a reconciliation of the interagency transactions. However, during our audit, we noted various issues which still exist within the interagency/interfund transactions. As a result, the auditors were unable to obtain appropriate sufficient audit evidence to express an opinion. Some of the issues noted are a result of the following:

- Inconsistent timing and recognition of interagency transactions among agencies.
- Use of numerous modules within SHARE among the various agencies to record interagency transactions.
- Inconsistent use of SHARE accounts and/or inconsistent presentation in the agencies' financial statements.

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements.

Per NCGAS 1 Governmental Accounting and Financial Reporting Principles

- Transfers should be recognized in the accounting period in which the interfund receivable and payable arise and requires that a government accrue a governmental fund liability and expenditure for most expenditures and transfers in the period in which the government incurs the liability. Furthermore, transfers of financial resources among funds should be recognized in all funds affected in the period in which the interfund receivable(s) and payable(s) arise.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-002 Interagency/Interfund Transactions (Material Weakness) - continued**

Per GASB 34 Para 112

- Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. It includes: (1) Interfund transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. This category includes payments in lieu of taxes that are not payments for, and are not reasonably equivalent in value to, services provided. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers should be reported after non-operating revenues and expenses.

**Cause:** Historically, financial reporting for the State has been de-centralized and each agency has established its own policies and procedures regarding the accounting treatment of interagency transactions, which may be inconsistent from one agency to another. In addition, the SFRAB, as the oversight, has not effectively established or communicated appropriate policies and procedures regarding the recording and recognition of interagency transactions to the agencies.

**Effect:** The SFRAB is unable to properly prepare financial statements for the State of New Mexico in accordance with generally accepted accounting principles in a timely manner. Furthermore, this issue was identified as one of the bases for a disclaimer on all opinion units for the FY13 audit, which the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. As result, potential users of the State's financial statements are not provided with any assurance as to the accuracy of the State's financial position as presented in the State's financial statements for FY13.

**Auditors' Recommendation:** We recommend the SFRAB evaluate the nature of all interagency transactions and 1) determine the proper accounting treatment for the various types of interagency transactions; 2) develop policies and procedures for all interagency transactions, which include proper recording in SHARE; 3) communicate these established procedures to all agencies; and 4) establish procedures to monitor interagency activity on a monthly basis, which would allow the SFRAB and the agencies to identify and address any differences in interagency transactions among the agencies in a timely manner. In addition, the SFRAB shall establish procedures for properly consolidating and eliminating these transactions in the State's financial statements to properly report interfund activity for the State as a whole. This would include establishing procedures for identifying valid timing differences which may exist between agencies and which would be reconciling items between the State's financial statements and the agency level financial statements.

**Management's Response:** Management agrees with this finding. Section 12-6-3(A), NMSA 1978, in part, requires that, "The comprehensive annual financial report for the state shall be thoroughly examined and audited each year . . ." This sentence was added to the referenced section in 2003; however, this was the first year that the State's financial statements were audited since its inception.

For fiscal year 2013, the State's financial statements were audited for the first time and the SFRAB recognized that proper accounting and reporting of interagency and interfund transactions would be an issue. DFA/FCD does agree that there is a decentralized approach to accounting and reporting interagency and interfund transactions. Each agency currently is responsible for preparation of their financials statements and to conduct a yearly financial audit. This Agency-centric approach increases the amount of time and effort it takes to prepare the State's financial statements.



**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-002 Interagency/Interfund Transactions (Material Weakness) - continued**

Currently, DFA/FCD implemented changes to interagency transactions in fiscal year 2015 to mitigate these issues. In May 2014, DFA commenced a project to remediate the accounting for interagency and interfund transactions in SHARE at the agency-level and Statewide level. The project is expected to be completed by the end of fiscal year 2015.

The SFRAB does recognize that SHARE is the legal book of record for all state agencies. For fiscal year 2014, the current Agency-centric model for the State of New Mexico which requires independent stand-alone audits that are completed per each respective agency will be used for verification purposes only and not as the basis for the financial data.

**2013-003 Governmental Fund Type Classifications (Material Weakness)**

**Condition:** The SFRAB maintains a CAFR fund tree, which summarizes each of the agency level funds with the respective fund type classification; in addition, the tree identifies the CAFR fund and fund type, in which the agency level funds consolidate into during the CAFR consolidation process. During our analysis of this fund tree, we noted numerous agency level funds that consolidated into the incorrect fund type in the State's financial statements. Furthermore, the SFRAB has not performed a comprehensive fund analysis to ensure proper classification in accordance with GASB 54 at the CAFR level for all funds.

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements.

In addition, GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, clarifies and defines the various governmental fund types and the types of resources that can be accounted for in each respective fund type.

**Cause:** The SFRAB has not performed a comprehensive analysis of all agency level fund types to determine the appropriate CAFR fund type to be consolidated into for financial reporting of the State. Furthermore, the SFRAB doesn't have an annual process to identify any agency level fund type modifications, to include updating the CAFR fund tree.

**Effect:** The SFRAB is unable to properly prepare the State's financial statements in accordance with generally accepted accounting principles in a timely manner. Furthermore, this issue was identified as one of the bases for a disclaimer on all opinion units for the FY13 audit, which the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. As result, potential users of the State's financial statements are not provided with any assurance as to the accuracy of the State's financial position as presented in the State's financial statements for FY13.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-003 Governmental Fund Type Classifications (Material Weakness) - continued**

**Auditors' Recommendation:** We recommend the SFRAB perform a comprehensive fund analysis to ensure funds are properly reported and classified in the State's financial statements in accordance with GASB 54. Furthermore, the SFRAB should establish a process to ensure any fund type modifications are identified annually and the CAFR fund tree is updated to reflect the changes.

**Management's Response:** Management agrees with this finding. The SFRAB is in the process of performing a comprehensive analysis of the current State's financial statement fund tree classification to ensure funds are properly reported and classified in accordance with GASB Statement No. 54 both at the agency level and at the Comprehensive Annual Financial Report level. This analysis will be done for the fiscal year 2014 Comprehensive Annual Financial Report. The analysis and change in fund presentation at the State's financial statement level might result in material restatements of net position for the fiscal year ended June 30, 2014.

Software was purchased in fiscal year 2014 to assist the SFRAB with preparing the financial data instead of the continued manual compilation. Anticipated start date of utilization of the Hyperion software is July 2015, for the FY15 Comprehensive Annual Financial Report. This software will help ensure consistency and integrity in the classification of funds and all accounting transactions.

**2013-004 Budget Statements (Material Weakness)**

**Condition:** The SFRAB prepares and presents the budget and actual schedules within the CAFR to include single year operating budgets only. However, during our review of the budget and actual schedules, we noted significant activity included in the budget and actual amounts which included multi-year appropriations. In addition, we noted a pervasive issue in which budget and/or actual amounts were incorrectly reported for each P-Code due to varying reasons.

**Criteria:** Per the State's notes to the financial statements, both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. In addition, the non-operating budgets for multiyear appropriations serve as a management control and, because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis are provided.

In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements.

**Cause:** The SFRAB has not established effective procedures surrounding the budget and actual schedule preparation process to ensure accurate reporting in accordance with the State's budgetary reporting policies.

**Effect:** The SFRAB is unable to properly prepare timely and accurate budget and actual schedules for the State's financial statements in accordance with the State's budgetary reporting policies. In addition, without accurate and reliable schedules, it is unknown if the State over-expended any budgetary line items. Furthermore, this issue was identified as one of the bases for a disclaimer on all opinion units for the FY13 audit, which the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. As result, potential users of the State's financial statements are not provided with any assurance as to the accuracy of the State's financial position as presented in the State's financial statements for FY13.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-004 Budget Statements (Material Weakness) - continued**

**Auditors' Recommendation:** We recommend the SFRAB evaluate the various budget activity that should be included in the budget and actual schedules and establish effective procedures to accumulate and present the necessary budgetary information. Furthermore, it is recommended to work with the State Budget Division to determine if this information is readily available to utilize in the schedules.

**Management's Response:** Management agrees with this finding. The SFRAB is in the process of performing a comprehensive analysis of the budget and actual preparation processes and, in cooperation with the State Budget Division, will establish procedures and standard queries to extract and summarize financial data needed to accurately report budgetary information at the State level. The analysis and process changes will be completed for the State's financial statements prepared for the fiscal year ended June 30, 2014.

**2013-005 Internal Control over Financial Reporting (Material Weakness)**

**Condition:** During our audit, it was determined that the State lacks an adequate internal control structure over financial reporting to prepare financial statements for the State in accordance with generally accepted accounting principles and any applicable requirements of the New Mexico State Audit Rule. The following are some of the issues encountered during the audit which further illustrate the issues surrounding the internal control structure over financial reporting for the State in attempting to prepare financial statements in accordance with generally accepted accounting principles and the New Mexico State Audit Rule:

- Due to the issues noted with the Book to Bank reconciliation of the SGFIP, interagency/interfund transactions, governmental fund type classifications and the budgetary schedules, the SFRAB is unable to properly prepare timely and accurate financial statements for the State in accordance with generally accepted accounting principles and the New Mexico State Audit Rule for the State.
- The SFRAB lacks documented policies and procedures surrounding the processes in preparing the State's financial statements.
- Historically, the financial reporting of the state has been de-centralized, in which the individual agencies have determined the accounting treatment of transactions, the timing and recognition of transactions, and the timing of the implementation of new GASB statements. This de-centralized approach allows for inconsistencies across agencies and further complicates the State's financial statement consolidation process when these transactions are consolidated into a single report for the State.
- We noted instances in which activity or balances were reflected in SHARE but not in the financial statements of the entity, or were reflected in the financial statements but not in SHARE. Although the responsibility would primarily fall on the individual agency to ensure all activity is recorded in SHARE and reconciles to their financial statements, the SFRAB, as the oversight, should address these issues with the agency to improve overall financial reporting for the State.
- Inconsistent use of the chart of accounts within SHARE among the agencies.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-005 Internal Control over Financial Reporting (Material Weakness) – continued**

- Excessive number of material restatements identified by the auditors and the SFRAB during the audit. The nature of the restatements are a result of material adjustments/reconciling items not posted or identified in the prior year financial statements for the State, incorrect/incomplete reporting of component units, and previously unidentified contingent liabilities.
- During our review of the State's financial statements, numerous inconsistencies and/or misclassifications were identified and remain uncorrected. In addition, the notes to the financial statements were not always reconcilable back to the financial statements themselves.

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements.

**Cause:** One of the primary factors which has contributed to the issues identified with the State's financial statement preparation process is the cumbersome process currently in place to produce the State's financial statements. The SFRAB utilizes data from SHARE and audited financial statements to produce the CAFR. However, the use of SHARE among agencies can be inconsistent and incomplete. In addition, due to the lack of proper configuration of SHARE, the full functionality of SHARE is not being taken advantage of. This results in the use of numerous manual processes and spreadsheets to compile large amounts of data to produce the State's financial statements. Furthermore, the SFRAB lacks documented policies and procedures surrounding the State's financial statements.

**Effect:** The SFRAB is unable to properly prepare accurate financial statements for the State of New Mexico in accordance with generally accepted accounting principles and the New Mexico State Audit Rule in a timely manner. Furthermore, these issues were identified as bases for a disclaimer on all opinion units for the FY13 audit, which the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. As result, potential users of the State's financial statements are not provided with any assurance as to the accuracy of the State's financial position as presented in the State's financial statements for FY13.

**Recommendation:** We acknowledge the challenges the SFRAB faces in attempting to resolve all of the issues with the State's financial reporting process. Furthermore, we are aware the SFRAB is currently working with a contractor to properly configure and implement the full functionality of SHARE, which will be critical to improve the reporting process and overall statewide financial reporting. Furthermore, we acknowledge that the process to properly address the deficiencies in the reporting process will be a gradual process of constant refinement of the processes and system configuration over a period of time. We recommend the SFRAB continue to work with the contractor to improve the functionality of SHARE. In addition, the SFRAB should attempt to prioritize the issues with the State's financial reporting process and gradually establish appropriate controls and procedures to resolve each deficiency in the reporting process.

**STATE OF NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2013**

**Financial Statement Findings - continued**

**2013-005 Internal Control over Financial Reporting (Material Weakness) - continued**

**Management's Response:** Management agrees with this finding. The SFRAB agrees that the State has a decentralized approach to the State's financial statement preparation process and has limited policies and procedures surrounding the State's financial statement preparation process. The entire overall process for producing the State's financial statements is in desperate need of inculcation of best practices and required professional standards.

Software was purchased in fiscal year 2014 to assist the SFRAB with preparing the financial data instead of the continued process of manual compilation. Anticipated start date of utilization of the Hyperion software is July 2015, for the FY15 Comprehensive Annual Financial Report. This software will help ensure consistency and integrity in the classification of funds and all accounting transactions.

The SFRAB does recognize that SHARE is the legal book of record for all state agencies. For fiscal year 2014, the current Agency-centric model for the State of New Mexico which requires independent stand-alone audits that are completed per each respective agency will be used for verification purposes only and not as the basis for the financial data.

DFA secured funding during the 2014 legislative session to purchase software to enhance the timeliness and data integrity of the financial information reported in the State's financial statements. This software was purchased in fiscal year 2014 and the goal for implementation is for the software to be utilized for compiling the fiscal year 2014 financial statements for the State. DFA also commenced a project in May 2014 to remediate the general ledger business processes and system usage in SHARE. The project is expected to be completed by the end of fiscal year 2015.

**STATE OF NEW MEXICO  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

The June 30, 2012 financial statements of the State of New Mexico were not audited. Therefore, there were no year audit findings for the year ended June 30, 2012.

**STATE OF NEW MEXICO  
EXIT CONFERENCE  
June 30, 2013**

An exit conference was held with the State on June 30, 2014. The conference was held at the offices of the State of New Mexico Department of Finance and Administration in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

**STATE OF NEW MEXICO**

Thomas E. Clifford, Ph.D., Cabinet Secretary, NM Department of Finance and Administration  
Ricky Bejarano, CPA, CGMA, Deputy Cabinet Secretary, State Controller, NM Department of Finance and Administration  
Steve Gonzales, Deputy Director-FCD, NM Department of Finance and Administration  
Renaee Herndon-Lopez, CAFR Accountant, NM Department of Finance and Administration

**CLIFTONLARSONALLEN LLP**

Georgie Ortiz, CPA, CGFM, Principal  
Matt Bone, CPA, CGFM, CGMA Assurance Manager

**PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by management and they are the responsibility of management, as addressed in the Independent Auditors' Report.

NEW MEXICO FLOWER - YUCCA



NM BIRD - ROADRUNNER



NEW MEXICO DEPARTMENT OF FINANCE  
AND ADMINISTRATION

FINANCIAL CONTROL DIVISION  
BATAAN MEMORIAL BUILDING  
407 GALISTEO STREET  
SANTA FE, NM 87501



NM COOKIE - BISCOCHITOS



NEW MEXICO TIE - BOLO

