



# ***Annual Financial Report*** ***For the Year Ended*** ***June 30, 2015***

## **The Mission of the Gaming Control Board**

To uphold the integrity of gaming regulations at licensed racetracks and nonprofit organizations, and to monitor tribal gaming activity in the state. The Gaming Control Board qualifies gaming venues through a rigorous licensing and certification process designed to ensure a fair and honest gaming environment, while recognizing the importance of gaming tax revenue to the state economy.

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
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June 30, 2015

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**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Official Roster  
June 30, 2015

**Board**

Jeffrey S. Landers  
Carl Londene  
Robert M. Doughty III, Esq.  
Salvatore Maniaci  
Paulette Becker

Chairman  
Commissioner  
Commissioner  
Commissioner  
Commissioner

**Administrative Officials**

Donovan Lieurance  
Cynthia M. Ortega-Armijo

Acting Executive Director  
Administrative Services Division Director

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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor  
Chairman and Board Members  
New Mexico Gaming Control Board  
Albuquerque, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund, the budgetary comparisons of the general fund, and the aggregate remaining fund information of the New Mexico Gaming Control Board (the "Board"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of New Mexico Gaming Control Board as of June 30, 2015, and the respective change in financial position, and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Board are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities that are attributable to the transactions of the Board. They do not purport to and do not present fairly the financial position of the State of New Mexico as of June 30, 2015, and the changes in its financial position, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Board's financial statements, the individual fund financial statements, and the budgetary comparison. The Supporting Schedules I through III required by 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and Schedule III have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 on our consideration of the Board'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 Board's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 4, 2015

**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**Required Supplementary Information**

June 30, 2015 and 2014

This discussion and analysis of the New Mexico Gaming Control Board (Board) provides an overview of financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the financial statements. This section will assist the reader in understanding the following:

- Highlight significant financial issues;
- Provide an overview of the Board's financial activity;
- Identify changes in the Board's financial position;
- Identify any material deviation from the approved budget; and
- Identify issues or concerns.

**Financial Highlights**

The New Mexico Gaming Control Board (Board) and the Board's agents regulate the racetrack casinos and the gaming operations of the veteran, fraternal and non-profit entities to assure that gaming is being conducted in a manner that is compliant with the Gaming Control Act and the Board's Regulations. Pages 3-5 highlight the financial information related to the racetrack casino and veteran, fraternal and non-profit entities' "net take", gaming taxes paid, and contributions to compulsive gaming funds as required by the Gaming Control Act. The information is tracked internally by the agency and is unaudited.

The GCB, through the State Gaming Representative (SGR) also monitors tribal gaming in the State to ensure compliance with the requirements of the Tribal-State Gaming Compacts. The primary monitoring activity is to ensure that the proper revenue sharing and regulatory fee payments are paid to the State in accordance with the requirements of the Compacts.

In Fiscal Year 2015, the State received \$139,224,377 in revenue through the payment of gaming taxes, revenue share and regulatory fee payments. The racetrack casinos paid \$68,775,387 in gaming taxes. The veteran, fraternal and non-profit gaming operators paid \$1,008,181 in gaming taxes. The Tribes, Pueblos and Nation paid \$68,577,475 in revenue share and regulatory fees.

In addition, to the revenue received by the State of New Mexico, the racetrack casinos and Tribes, Pueblos and the Nation contributed \$1,749,901 to compulsive gaming in accordance with the terms of the Gaming Control Act or Compacts.

The veteran, fraternal and non-profit gaming operators also contributed \$1,905,462 to charities and educational endeavors from proceeds raised through gaming activities.

Other sources of revenue related to gaming, received by the State, are paid by gaming manufacturers and distributors. These business entities self-report and remit gaming taxes to Taxation and Revenue.

It should also be noted that the Gaming Control Act provides the statutory rate that must be contributed to horse racing purses by the racetrack casino operators. While the Gaming Control Act establishes the rate, the Act confers no authority on the Board to monitor, audit or enforce the racetrack casino operator's performance of this obligation. The Board's staff does, however, as part of the licensing renewal process examine records to ensure that the race track casino operators have met the obligation to tender the payment of 20% of the "net take" to the horse racing purses.

The audit and accounting component of the horse racing purses is done by the Racing Commissions staff.

State of New Mexico  
Gaming Control Board

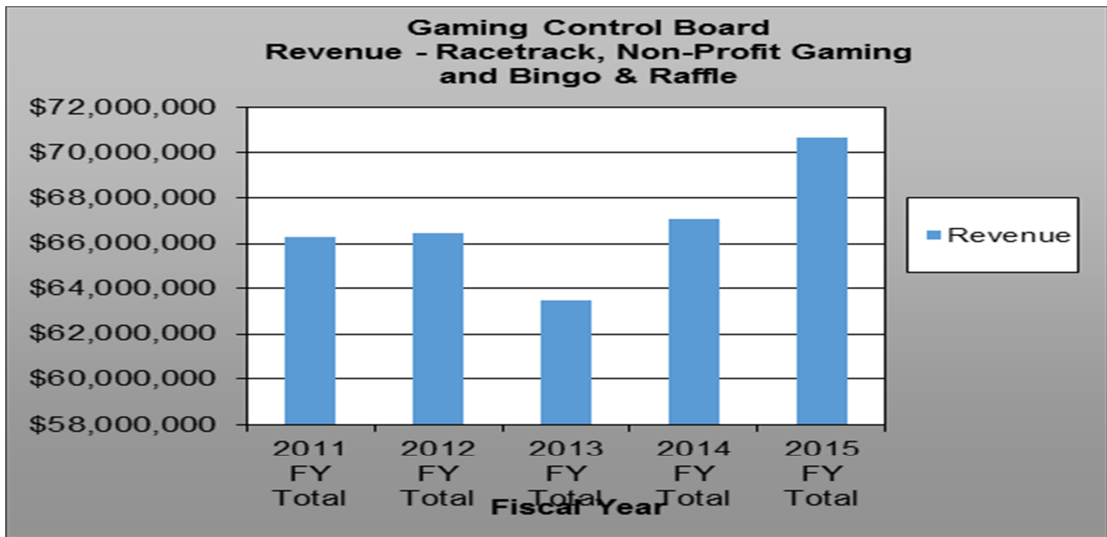
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED  
Required Supplementary Information

June 30, 2015 and 2014

Graph A-1



Graph A-2



State of New Mexico  
Gaming Control Board

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED  
Required Supplementary Information

June 30, 2015 and 2014

Graph A-3



Graph A-4

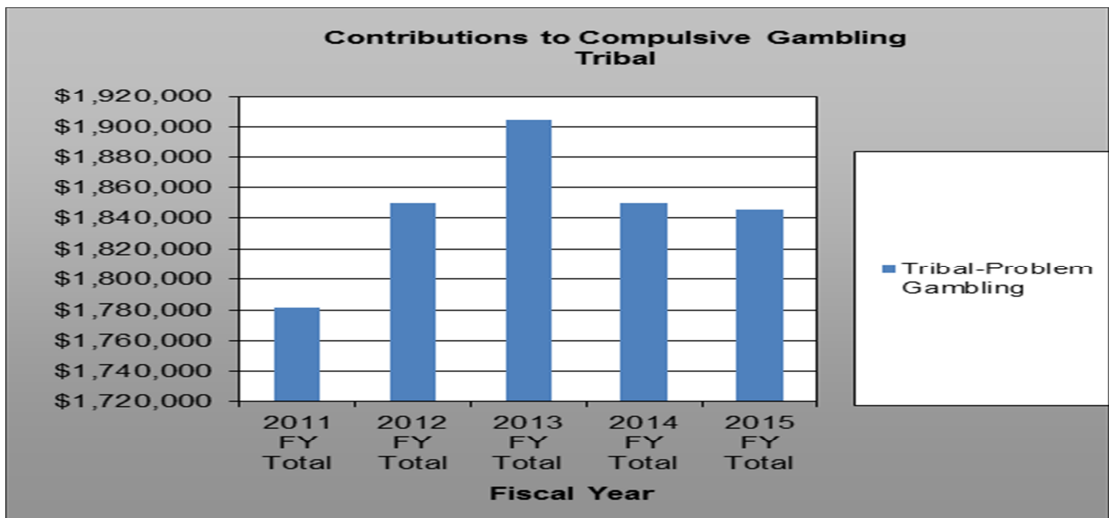
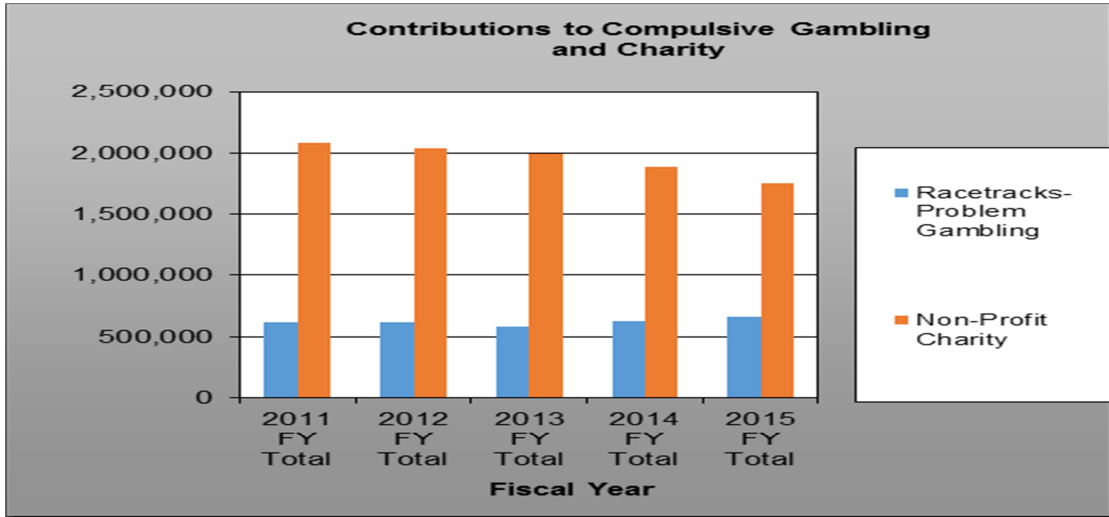


*Note: Gaming revenues include: gaming taxes from Racetracks & Non-profit clubs, associated licensing fees for Manufacturers, Distributors, Operators and Tribal revenue sharing payments & regulatory fees. Payments that are not included in revenue: contributions to the horsemen's purses by racetracks, charitable contributions by nonprofit clubs along with contributions to problem gambling programs by the Racetrack Operators and Tribal Gaming entities.*

**State of New Mexico  
Gaming Control Board**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED  
Required Supplementary Information**

June 30, 2015 and 2014



Prior to Fiscal Year 2015, the gaming revenue included in our Management Discussion and Analysis (MD&A) report included horseman’s purses, charitable contributions and contributions to problem gambling programs. For this MD&A and fiscal years on forward, the revenue reported in our MD&A will only include the actual revenue that the state receives, which is gaming taxes from Racetracks & Non-profit clubs, associated licensing fees for Manufacturers, Distributors, Operators and Tribal revenue sharing payments & regulatory fees.

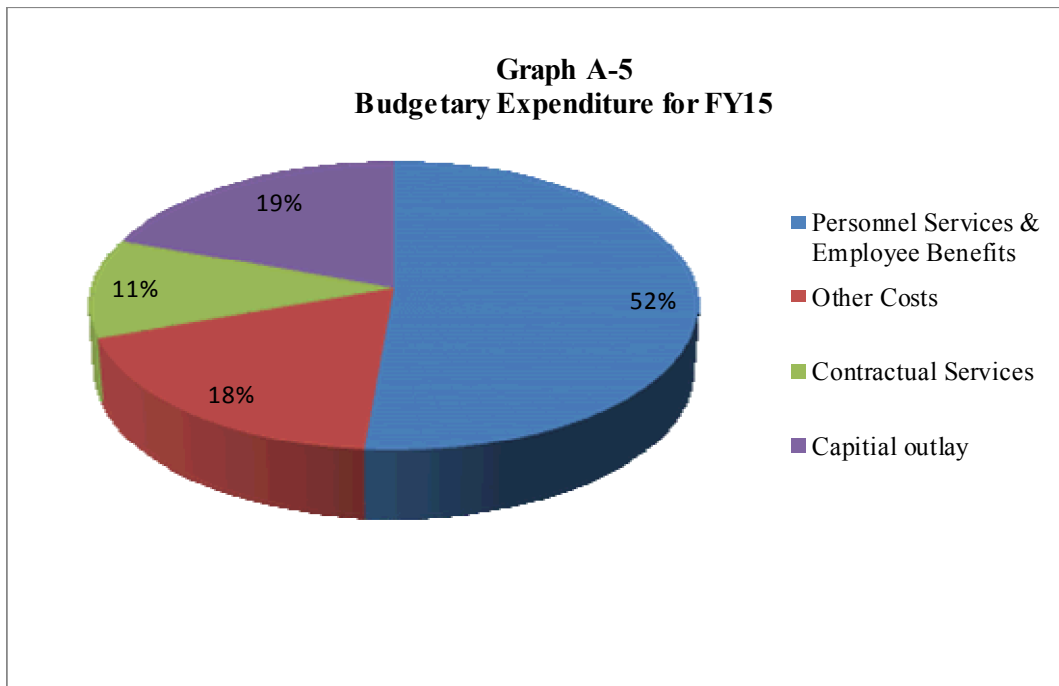
State of New Mexico  
Gaming Control Board

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED  
Required Supplementary Information

June 30, 2015 and 2014

Overview of Financial Activity

The Gaming Control Board receives 100% of its funding from the General Fund appropriation. As shown in Graph A-5, expenditures against the budget fiscal year end 2015 appropriation were broken down in the following categories: 52% for personnel services and employee benefits, 11% for contractual services, 18% for other costs, and 19% for capital outlay.



Budgetary expenditures percentages by category did not differ significantly from the prior year.

Using This Audit Report

Financial data presented in these financial statements is for the activities of the Gaming Control Board as a single agency. It does not purport to represent the State of New Mexico as a whole.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are reported regardless of when cash is received or paid.



**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

The government-wide financial statements include all activities of the Gaming Control Board with the exception of the fiduciary funds which arise from reimbursements from applicants and licensees and from fines. General fixed assets, formerly reported as a separate account group, are included in these financial statements. Monies to finance these activities are 100% State General Fund appropriations.

Fund Financial Statements

Due to the small size of the Board, the only individual governmental fund, the General Fund, is considered to be a major fund because only individual governmental or individual enterprise funds can be considered for major fund status. The Board's two kinds of funds - governmental and fiduciary – are considered as separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenses and other financing sources or use.

*Governmental funds* – All of the Board's basic services are reported in governmental funds, which focus largely on the establishment of an appropriation by the state legislature and the expenditure of this money in accordance with a budget. Funds not expended or encumbered at year end revert to the general fund. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash.

*Fiduciary funds* – The fiduciary funds are used to report assets held on behalf of the State of New Mexico and are not available to support Board activities. The reporting focus is upon net position and changes in net position and employs the accrual basis of accounting. These funds, once earned, are revenues of the General Fund of the State of New Mexico.

**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

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

Highlights

The New Mexico Gaming Control Board was established to regulate limited gambling activity at racetracks and certain veteran and fraternal organizations, to monitor Tribal gaming, and is responsible for carrying out public policy on gambling in these venues. In 2005, the Board was given responsibility for regulating the Bingo and Raffle Act.

The New Mexico Gaming Control Board is funded by appropriations from the State's General Fund. The Board utilizes a statutorily required Gaming Central Monitoring System, which connects to each licensed gaming device in the State (Non-Tribal). The system is a management, control and monitoring system that allows the Board to monitor all activity and verify the software of each slot machine to assure that it is compliant with all applicable statutes and rules. It also allows by Board order, the immediate remote disabling of any machine or venue for any non-compliance issues. The Board has operated such a system since 1998 with an efficiency rate over 99.9%.

**Table A-1**  
**Condensed Statement of Net Position**

	<u>2015</u>	<u>2014</u>
Assets		
Current assets	557,942	1,496,034
Capital assets, net of depreciation	<u>2,116,247</u>	<u>1,220,541</u>
Total assets	<u>\$ 2,674,189</u>	<u>\$ 2,716,575</u>
Liabilities and net position		
Liabilities:		
Current liabilities	621,999	1,462,706
Compensated absences, less current	<u>6,711</u>	<u>5,661</u>
Total liabilities	<u>628,710</u>	<u>1,468,367</u>
Net position		
Net investment in capital assets	2,116,247	1,220,541
Restricted	106,655	196,187
Unrestricted	<u>(177,423)</u>	<u>(168,520)</u>
Total net position	2,045,479	1,248,208
Total liabilities and net position	<u>\$ 2,674,189</u>	<u>\$ 2,716,575</u>

**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

As summarized in Table A-1, net position of \$2,045,479 represent the difference between assets and liabilities of the Board. Total assets decreased by \$42,386, and total liabilities decreased by \$839,657. Total assets decreased due to expenditures related to the modernization of the Gaming Central Monitoring System and increased depreciation expense. Total liabilities decreased because of decreases in vouchers payable related to final payments on the computerized Central Monitoring System.

	2015	2014
Total expenses	\$ (5,994,704)	\$ (5,203,890)
Total revenues (net of reversion)	6,791,975	6,424,968
Increase in net position	797,271	1,221,078
Beginning net position	1,248,208	27,130
Ending net position	\$ 2,045,479	\$ 1,248,208

During the year ended June 30, 2015, total expenses increased by \$790,814 reflecting increases in fiscal year 2015 depreciation expense and contractual services. Government-wide expenses are \$5,994,704 and include depreciation and an accrual for compensated absences. Compensated absences represent the amount of accrued but unused vacation time at current rates to be paid from future appropriations.

The recognition of depreciation is an attempt to match the usage of capital assets to the revenues of the agency by year. This change in net position does not necessarily reflect only the amount of capital assets purchased net of current year depreciation during the year.

**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

**Financial Analysis of the Governmental Funds**

The Gaming Control Board operates one governmental fund in which all activity related to gaming regulation and control is recorded. The financial statements present the financial position and results of operations for the governmental activities. Funding for the governmental funds is 100% from annual appropriations from the New Mexico State Legislature.

Governmental fund expenditures differ from the government-wide expenses for 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Governmental fund expenditures	\$ (6,880,535)	\$ (6,428,978)
(Increase) Decrease in liability for compensated absences	(9,875)	30,939
(Excess) depreciation over capital outlay	<u>895,706</u>	<u>1,194,149</u>
Board expenses	<u>\$ (5,994,704)</u>	<u>\$ (5,203,890)</u>

**Financial Analysis of the Budgetary Basis of Accounting**

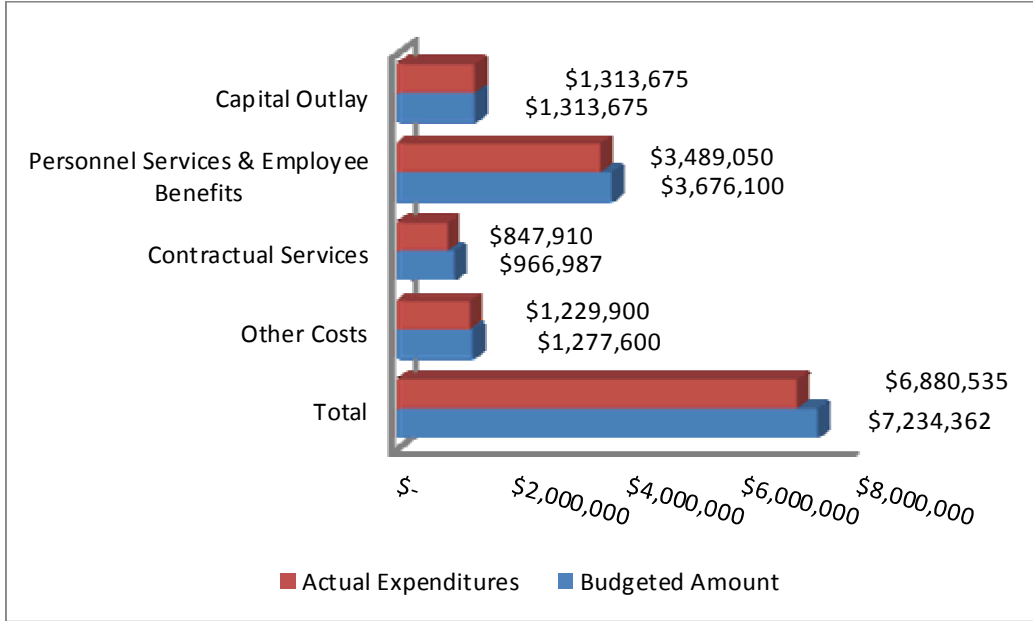
The annual operating budget is approved by the Department of Finance and Administration. Over the course of the year, the Board adjusts its budget as authorized under the Appropriations Act. Comparison of actual expenditures on a budgetary basis to approved budget amounts is presented in the basic financial statements section of the financial statements. Budgetary basis expenditures were within approved budgeted amounts.

**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

**Graph A-6**  
**Budgeted Amount vs Actual Expenditures**



The difference in budget to actual expenditures for the total categories is \$353,827. There were no unexpected budget variances during the year.

**Capital Assets**

The following net change occurred in the capital assets during the years ended June 30, 2015 and 2014.

	2015	2014
Net capital assets at beginning of year	\$ 1,220,541	\$ 26,392
Capital assets purchased	1,340,218	1,201,782
Current year depreciation	(444,512)	(7,633)
Net capital assets at end of year	<u>\$ 2,116,247</u>	<u>\$ 1,220,541</u>

Consistent with application of GASB No. 34, the Board has recognized depreciation for assets during the fiscal year of \$444,512. At June 30, 2015, the total accumulated depreciation for the Board was \$667,498. Capital asset additions for fiscal year 2014 were \$1,340,218.

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**State of New Mexico**  
Gaming Control Board

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2015 and 2014

**Currently Known Facts, Decisions or Conditions Expected to Impact the Board's  
Financial Position and Results of Operation**

The Agency continues to be involved in a dispute with various gaming tribes over the correct amount of revenue sharing owed to the State pursuant to the Compacts. The State Gaming Representative has sent demand letters to the tribes in question. To date, a settlement has been reached only with the Navajo Nation. If this matter is not resolved, it could require an arbitration proceeding or perhaps litigation in court. In either event, the Agency would incur significant costs including arbitration, expert witness, deposition and other litigation related costs. During the 2012 legislative session, the Agency received a special appropriation in the amount of \$200,000 to defray such costs. That appropriation was re-allocated in the 2014 session. It is possible that the special appropriation will not be sufficient to cover the costs associated with the arbitration or litigation, if required. The Agency will be seeking another special appropriation in the same amount in the 2015 legislative session.

**Contacting the Board's Financial Management**

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

New Mexico Gaming Control Board  
4900 Alameda Blvd. NE  
Albuquerque, NM 87113  
505-841-9700

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## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Statement of Net Position  
June 30, 2015

Exhibit A-1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 551,830
Petty cash	500
Prepays	<u>5,612</u>
Total current assets	557,942
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>2,116,247</u>
 Total assets	 <u><u>\$ 2,674,189</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 76,614
Accrued payroll	88,903
Due to state general fund	249,658
Due to other state agencies	30,000
Compensated absences	<u>176,824</u>
Total current liabilities	<u>621,999</u>
Noncurrent liabilities	
Compensated absences	<u>6,711</u>
 Total liabilities	 <u>628,710</u>
<b>Net Position</b>	
Net investment in capital assets	2,116,247
Restricted	106,655
Unrestricted	<u>(177,423)</u>
 Total net position	 <u>2,045,479</u>
 Total liabilities and net position	 <u><u>\$ 2,674,189</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Statement of Activities  
 For the Year Ended June 30, 2015

Exhibit A-2

	<u>Governmental Activities</u>
	<u>Expenses</u>
<b>Expenses</b>	
<b>General Government</b>	
Personnel services	\$ 3,498,923
Contractual services	847,911
Other costs	1,203,358
Depreciation	<u>444,512</u>
Total program expenses	<u>5,994,704</u>
<b>General revenues</b>	
State general fund appropriation (net of reversions)	5,403,900
Compensation appropriation	74,400
State special appropriations	<u>1,313,675</u>
Total general revenues	<u>6,791,975</u>
Change in net position	797,271
Net position - beginning of the year	<u>1,248,208</u>
Net position - end of the year	<u><u>\$ 2,045,479</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015

	<u>General Fund</u>
<b>ASSETS</b>	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 551,830
Petty cash	500
Prepaid expenses	5,612
<i>Total assets</i>	\$ 557,942
 <b>LIABILITIES AND FUND BALANCE</b>	
<i>Liabilities</i>	
Accounts payable	\$ 76,614
Accrued payroll	88,903
Due to other state agencies	30,000
Due to state general fund	249,658
<i>Total liabilities</i>	445,175
 <i>Fund balances</i>	
Nonspendable:	
Petty cash	500
Prepaid expenses	5,612
Spendable:	
Restricted	106,655
<i>Total fund balances</i>	112,767
<i>Total liabilities and fund balances</i>	\$ 557,942

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
June 30, 2015

Exhibit B-1  
Page 2 of 2

Fund Balance - Governmental Funds (Exhibit B-1)	\$ 112,767
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,116,247
Current compensated absences are not payable on June 30, 2015 and therefore are not reported in the fund financial statements	(176,824)
Long-term liabilities, applicable to the Board's activities are not due and payable in the current period and therefore are not reported in the fund liabilities: Compensated absences	<u>(6,711)</u>
Total net position (Exhibit A-1)	<u><u>\$ 2,045,479</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended June 30, 2015

	<u>General Fund</u>
<b>EXPENDITURES</b>	
<b>General Government</b>	
Current	
Personnel services	\$ 3,489,048
Contractual services	847,911
Other costs	1,203,358
Capital outlay	1,340,218
<i>Total Expenditures</i>	<u>6,880,535</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,880,535)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
State general fund appropriations	5,650,100
Compensation appropriation	74,400
State special appropriations	1,313,675
FY15 Reversion	(246,200)
<i>Total other financing sources and (uses)</i>	<u>6,791,975</u>
<i>Net change in fund balance</i>	(88,560)
<i>Fund balance - beginning of year</i>	<u>201,327</u>
<i>Fund balance - end of year</i>	<u>\$ 112,767</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2015

Net Change in Fund Balance - Governmental Funds	\$	(88,560)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p> <p>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 and reported as depreciation expense:</p>		
Capital asset additions reported as capital outlay expenditures		1,340,218
Depreciation expense		(444,512)
Compensated absences increased by this amount during FY15		<u>(9,875)</u>
Change in Net Position (Exhibit A-2)	<u>\$</u>	<u>797,271</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance-Budget (Budget Basis) and Actual  
 General Fund  
 General Fund Appropriation  
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budget) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Personnel services and employee benefits	3,961,100	3,676,100	3,489,050	187,050
Contractual services	771,800	771,800	758,378	13,422
Other costs	991,600	1,276,600	1,229,900 *	46,700
<i>Total expenditures</i>	<u>5,724,500</u>	<u>5,724,500</u>	<u>5,477,328</u>	<u>247,172</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,724,500)</u>	<u>(5,724,500)</u>	<u>(5,477,328)</u>	<u>247,172</u>
<i>Other financing sources (uses)</i>				
State general fund appropriations	5,650,100	5,650,100	5,650,100	-
Compensation appropriation	74,400	74,400	74,400	-
<i>Total other financing sources (uses)</i>	<u>5,724,500</u>	<u>5,724,500</u>	<u>5,724,500</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	247,172	<u>\$ 247,172</u>
Reversion expenditure omitted from budget basis			(246,200)	
Expenditures from special appropriation-tribal arbitration			(89,532)	
Net change in fund balance GAAP basis			<u>\$ (88,560)</u>	

\* Other costs include \$26,543 in capital outlay expenditures.

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance-Budget (Budget Basis) and Actual  
 General Fund  
 Special Appropriation Tribal Arbitration (SHARE Z20514)  
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budget) Basis	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Personnel services and employee benefits	-	-	-	-
Contractual services	195,187	195,187	89,532	105,655
Other costs	1,000	1,000	-	1,000
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>196,187</u>	<u>196,187</u>	<u>89,532</u>	<u>106,655</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(196,187)</u>	<u>(196,187)</u>	<u>(89,532)</u>	<u>106,655</u>
<i>Other financing sources (uses)</i>				
State general fund appropriations	-	-	-	-
Special appropriation	-	-	-	-
Compensation appropriation	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (196,187)</u>	<u>\$ (196,187)</u>	(89,532)	<u>\$ 106,655</u>
Reversion expenditure omitted from budget basis			(246,200)	
Net change in fund balances-general fund appropriation			247,172	
Net change in fund balance GAAP basis			<u>\$ (88,560)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance-Budget (Budget Basis) and Actual  
 General Fund  
 Special Appropriation Central Monitoring System (SHARE Z30714)  
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budget) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Personnel services and employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Capital outlay	1,313,675	1,313,675	1,313,675	-
<i>Total expenditures</i>	<u>1,313,675</u>	<u>1,313,675</u>	<u>1,313,675</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,313,675)</u>	<u>(1,313,675)</u>	<u>(1,313,675)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
State general fund appropriations	-	-	-	-
Special appropriation	1,313,675	1,313,675	1,313,675	-
Compensation appropriation	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,313,675</u>	<u>1,313,675</u>	<u>1,313,675</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Net change in fund balances-general fund appropriation			247,172	
Net change in fund balances-tribal arbitration			(89,532)	
Reversion expenditure omitted from budget basis			<u>(246,200)</u>	
Net change in fund balance GAAP basis			<u>\$ (88,560)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Statement of Fiduciary Assets and Liabilities  
Licensing and Background Fees Fund (SHARE 95100)  
Agency Funds  
June 30, 2015

Exhibit D-1

**ASSETS**

Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 20,180
Accounts receivable	<u>8,700</u>
<i>Total assets</i>	<u><u>\$ 28,880</u></u>

**LIABILITIES**

Due to the state general fund	\$ 3,380
Receipts held in suspense	<u>25,500</u>
<i>Total liabilities</i>	<u><u>\$ 28,880</u></u>

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

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

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

This summary of significant accounting policies of the Board is presented to assist in the understanding of the Board's financial statements. The financial statements and notes are the representation of the Board's management who is responsible for their integrity and objectivity. The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to agencies of the government. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2015, the Board adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. Compliance with the requirement of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for fiscal year ending June 30, 2015. The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

*A. Reporting Entity*

The State of New Mexico New Mexico Gaming Control Board was established by the Gaming Control Act enacted at the 1997 session of the 43<sup>rd</sup> New Mexico State Legislature as House Bill 399, enrolled as Chapter 190, Laws of New Mexico, 1997, and codified at Section 60-2E-1 to 60-2E-62 NMSA.

The Board is responsible for:

Gaming regulation- A body of rules and regulations to govern the conduct of gaming activities within New Mexico within the framework of the Gaming Control Act (Title 15, Chapter 1).

Gaming Investigation and Enforcement- The Board is responsible for the enforcement of the statutes and regulations governing gaming activities within the state. As a significant part of its enforcement activity, it aims to investigate the backgrounds of persons applying for licensure, and to monitor the activities of gaming operations in the State to ensure that they are complying with the laws and regulations.

Gaming Audit and Compliance- The Board is responsible for the enforcement of the statutes and regulations governing gaming activities within the State, determining compliance of gaming operators with minimum internal control standards and ensuring that all entities conducting gaming activities within the State report the activity and earnings fairly and accurately.

Gaming Machine Electronic Monitoring- The Board is charged by statute with continuous electronic monitoring of all gaming machines licensed in the State at racetracks, fraternal organizations, and veterans' organizations. It is also responsible for billing each operator licensee the gaming tax assessed by the Board's central monitoring system.

Tribal Gaming Monitoring- Under the provisions of the Gaming Control Act and the compacts signed by the State with the individual Gaming Tribes and Pueblos, the Board is charged with monitoring tribal gaming to ensure compliance with the compacts. The Board's State Gaming Representative is the State's liaison with the tribes.

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*A. Reporting Entity-(continued)*

Gaming Licensing- The Board is charged by statute with licensing gaming machine manufactures, distributors, and operators, and issuing work permits and key person certifications. The Board is also charged with the licensing of gaming machines.

The Board is a department of the State of New Mexico. Based upon the application of the criteria in GASB Statements No. 14 and No. 39, the Board had no component units as of June 30, 2015.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board. There is no effect from interfund activity that needs elimination because the Board has only one fund. The Board's governmental activities are supported by general fund appropriations from the State of New Mexico. The Board has no business-type activities.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and appropriations. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied and related costs are incurred. Appropriations are recorded at the time the money is made available to a specific fund.

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt obligations. The Board's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Board's general fund appropriations are shown as general revenues.

Separate financial statements are provided for governmental funds, proprietary 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. The Board did not have any funds classified as proprietary for the year ended June 30, 2015.

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting. 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 of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unavailable revenue is reported as a deferred inflow. Expenditures generally are 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.

*D. Assets, Liabilities and Net Position*

The Board reports the following major governmental fund:

The General Fund is the Board's operating fund. Its fund number in the Statewide Human Resource Accounting and Management Reporting System (SHARE) is fund 53600. It is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in some other fund. The general fund is a reverting fund.

The Board also uses a fiduciary fund (Agency Fund) to account for funds received for licensing and background fees that are disbursed to the State of New Mexico General Fund per State statute (SHARE 95100). The Board has no budgetary control over these funds and acts solely as an agent. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Cash and Investments

For the fiscal year ended June 30, 2015, all of the Board's cash was maintained on deposit with the State Treasurer's General Fund Investment Pool (SGFIP). The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through O, NMSA 1978 as amended. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office. The Board does not have a separate bank account.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical costs or estimated historical costs. Contributed assets are recorded at the fair values as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy (i.e. the dollar value above which asset acquisitions are added to the capital accounts) is \$5,000 per section 12-6-10 NMSA 1978. Computer software which has been developed for internal use and which meets the capitalization minimum of \$5,000 is capitalized and depreciated in accordance with the Board's depreciation guidelines

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*D. Assets, Liabilities and Net position (continued)*

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value, as follows:

Machinery and equipment	5 to 7 years
Gaming machine electronic monitoring equipment and software	5 ½ years

Compensated Absences

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. The compensated absences payable is included in the government-wide financial statements.

When applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount *estimated* to be expended during fiscal year 2016.

Pensions

The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501. For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to /deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

Fund Balance Classification Policies and Procedures

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the state. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. Unassigned fund balances represent the residual amount of fund balance after all classifications described above have been considered. As of June 30, 2015, the Board has nonspendable fund balance of \$500 and \$5,612 for petty cash and prepaid expenses. In addition, the Board has \$106,655 in amounts restricted pursuant to Laws of 2015 Section 5 item 28 for tribal arbitration.

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

Spending policy disclosure

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first. The Board has no authority to establish a minimum fund balance. This is the prerogative of the State Legislature and the Executive (Governor) Branch.

Net position classifications

The Statement of Net Position displays net position amounts in the following three components:

- 1) Net investment in capital assets. This classification of net position consist of capital assets net of accumulated depreciation as of June 30, 2015.
- 2) Restricted-This classification consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The Board has \$106,655 in restricted amounts pursuant to Laws of 2015 section 5 item 28 for tribal arbitration as of June 30, 2015.
- 3) Unrestricted-This classification consists of all other net position amounts that do not meet the definition of "restricted" or "Net investment in capital assets."

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Board's financial statements include the current portion of compensated absences and useful lives of depreciable assets.

Funding

The Board's funding is subject to annual evaluation and appropriation and could end at any time.

**Budgets and Budgetary Accounting**

The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 1st, the New Mexico Gaming Control Board submits to the State Budget Division (SBD) of the New Mexico Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. Copies are also sent to the Legislative Finance Committee (LFC). The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request is reviewed by the SBD and additional information is obtained, if needed. Agency budgets are consolidated, with revisions, and submitted as a tentative budget to the Governor of the State. The Governor's approved appropriation request is then submitted to the Legislature as the recommended appropriation request for the Board.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance committees. The final outcome of these hearings is incorporated into the General Appropriations Act.



**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
5. The Board submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriation made by the legislature. The DFA Budget Division reviews and approves the operating budget, which becomes effective on July 1. All subsequent budget adjustments must be approved by the director of the DFA - State Budget Division.
6. Budget control for expenditures and encumbrances is at the appropriation program level. The Board has only one program. All of the expenditures and encumbrances for that program are accounted for in the Board's general fund.
7. Formal, budgetary integration is employed as a management control device during the fiscal year for the general fund.
8. The budget for the General Fund is on the modified accrual basis. There were no accounts payable at June 30, 2015 that did not get paid within 31 days after the end of the fiscal year.
9. Any remaining SHARE fund 53600 balance not restricted for unexpended special or capital outlay multiple-year appropriations, must revert to the New Mexico State general fund by September 30th, as required by Section 6-5-10, NMSA 1978.

In accordance with the requirements of Section 2.2.2.10.A(2)(b) of NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB Statement No. 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements. It includes the reconciliation of the net change in fund balance (per budgetary basis) to the net change in fund balance stated on the statement of revenues, expenditures and changes in fund balance.

**NOTE 3. INVESTMENTS IN STATE TREASURER'S GENERAL FUND INVESTMENT POOL**

State law requires the Board's cash to be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Board consist of an interest in the investment pools managed by the New Mexico State Treasurer's Office. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office. The Board does not have a separate bank account.

At June 30, 2015, the Board had the following in pooled cash (Agency 46500):

New Mexico State Treasurer's General Fund Investment Pool (SGFIP)

Fund	SHARE Fund No.	Fair Value June 30, 2015
General fund	53600	\$ 551,830
Agency fund	95100	20,180
		\$ 572,010

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 3. INVESTMENTS IN STATE TREASURER'S GENERAL FUND INVESTMENT POOL (continued)**

*Interest Rate Risk:* The State Treasurer's General Fund Investment Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The New Mexico State Treasurer's General Fund Investment Pool is not rated. For additional GASB 40 disclosure information regarding the investment in the New Mexico State Treasurer's General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2015.

State General Fund Investment Pool (SGFIP) Not Reconciled

As of June 30, 2015 the State's general ledger book to bank reconciliation contains a significant number of un-reconciled items. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office on a monthly basis. None of reconciling items pertain to the Board's transactions. The Board's controls to mitigate the effect of the statewide reconciliation issue include the following:

- Tracking cash receipts and disbursements for the licensing and Background Fees agency fund in a separate, stand alone accounting system
- Reconciling the stand alone system to SHARE on a monthly basis
- Tracking cash receipts and disbursements in the General Fund on manual spreadsheets
- Reconciling their interest in the State General Fund Investment Pool per SHARE to the deposit and disbursement activity tracked separately.

Additionally, the Board is funded by a single reverting appropriation made to its General Fund. Each year the appropriation has been expended with the remainder reverted. Such transactions since 2006 have been verified by management and audited. Due to this reverting nature of its funding, there is no accumulation of liquid assets or net position balances that require multiple year reconciliations.

The Board is not permitted to have any other investments, and the Board did not have any other investments during the year ended June 30, 2015.

**NOTE 4. ACCOUNTS RECEIVABLE**

Applicants for gaming licenses are charged certain fees for both background investigations and for licenses to engage in gaming activities. At June 30, 2015 the Board's Agency fund was owed \$8,700 from various gaming entities. All amounts are considered to be collectible.

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 5. CAPITAL ASSETS**

A summary of changes in capital asset and accumulated depreciation balance is as follows. All capital assets are depreciable.

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Capital assets being depreciated				
Machinery and equipment	\$ 392,745	26,543	135,543	\$ 283,745
Gaming machine electronic monitoring equipment and software	<u>5,106,697</u>	<u>1,313,675</u>	<u>3,920,372</u>	<u>2,500,000</u>
Total capital assets being depreciated	<u>5,499,442</u>	<u>1,340,218</u>	<u>4,055,915</u>	<u>2,783,745</u>
Less accumulated depreciation				
Machinery and equipment	358,529	10,196	135,543	233,182
Gaming machine electronic monitoring equipment and software	<u>3,920,372</u>	<u>434,316</u>	<u>3,920,372</u>	<u>434,316</u>
Total accumulated depreciation	<u>4,278,901</u>	<u>444,512</u>	<u>4,055,915</u>	<u>667,498</u>
Capital assets being depreciated, net	<u>\$ 1,220,541</u>	<u>\$ 895,706</u>	<u>\$ -</u>	<u>\$ 2,116,247</u>

Depreciation expense of \$444,512 was charged entirely to general government services. All capital assets are being depreciated.

**NOTE 6. COMPENSATED ABSENCES**

The changes in liabilities for compensated absences are as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>	<u>Due within one Year</u>
General Fund	<u>\$ 173,660</u>	<u>\$ 186,699</u>	<u>\$ 176,824</u>	<u>\$ 183,535</u>	<u>\$ 176,824</u>

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 7. COMMITMENTS**

*A. Operating Leases*

The Board leases a building located at 4900 Alameda Boulevard NE, Albuquerque, NM. The original lease dated May 1, 2005 had a term of fifteen years with a five-year renewal option. The lease was renegotiated effective July 1, 2011, extending the lease term to May 30, 2024. The lease has an escalation clause of 3.25% over years 8, 9,10,11 and 16 of the lease. Additionally, the Board leases certain other office space, office equipment, and vehicles under one year lease agreements. During the year ended June 30, 2015, the Board paid approximately \$651,522 under its various lease agreements. Future minimum rental payments under noncancellable lease agreements are as follows:

Year Ending June 30,	Amount
2016	\$ 657,751
2017	657,751
2018	657,751
2019	657,751
2020	661,314
2021-2024	2,659,918
	\$ 5,952,236

*B. Computer Software Maintenance Contracts*

The Board has a maintenance agreement on its initial gaming machine electronic monitoring software and hardware programs. Expenditures for the agreement were \$690,000 for the year ended June 30, 2015. A schedule of future commitments under this maintenance contract is as follows:

2016	\$ 690,000
2017	690,000
2018	690,000
	\$ 2,070,000

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**General Information about the Pension Plan**

*Plan description.* The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 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 PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

*Benefits provided.* For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

*Contributions.* The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage option that applies to the Board is State Plan 3. Statutorily required contributions to the pension plan were \$414,315 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions:***

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The State of New Mexico's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts.

**STATE OF NEW MEXICO**  
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**NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-(continued)**

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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

The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**NOTE 9. POST-EMPLOYMENT BENEFITS- STATE RETIREE HEALTH CARE PLAN**

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

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

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

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

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

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 9. POST-EMPLOYMENT BENEFITS- STATE RETIREE HEALTH CARE PLAN-(CONTINUED)**

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

The Board’s contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$48,789, \$48,418, and \$47,261, respectively which equal the required contributions for each year.

**NOTE 10. INTERAGENCY TRANSFERS**

The Board received the following inter-agency operating transfers from the New Mexico Department of Finance and Administration (DFA) during the fiscal year ended June 30, 2015.

	<u>Board Agency Number</u>	<u>Board Fund Number</u>	<u>DFA Agency Number</u>	<u>DFA Fund Number</u>	<u>Amount</u>
State general fund appropriations, Laws of 2014, Senate Bill 313 Chapter 63, Section 4	46500	53600	34100	85300	\$ 5,650,100
Compensation appropriation Laws of 2014, Senate Bill 313 Chapter 63, Section 8	46500	53600	34100	85300	74,400
Special appropriation -central monitoring system Laws of 2014, 2nd session, Chapter 63, Section 7	46500	53600	34100	85300	1,313,675
					<u>\$ 7,038,175</u>

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 11. DUE TO STATE GENERAL FUND**

The amount due to the State General Fund at June 30, 2015 is made up of the following fiscal year reversions and stale dated warrants:

Year Ending June 30,	Amount
2015	\$ 246,200
Stale warrants	3,458
	\$ 249,658

**NOTE 12. DUE TO OTHER AGENCIES**

The amount due to other state agencies as of June 30, 2015 is detailed below. The entire amount was paid in July of 2015.

Board Fund	Agency	Agency Number	Fund Number	Amount	Purpose
53600	Regulation and Licensing Department	42000	80800	\$ 30,000	Preparation for the data import and conversion for system automation products.

**NOTE 13. RISK MANAGEMENT**

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. Risk management expenditures for the Board are accounted for in the general fund. Any claims are processed through RMD. There are no pending or known threatened legal proceedings involving material matters to which the Board is a party.

**NOTE 14. SUBSEQUENT PRONOUNCEMENTS**

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2016. The Board is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Board is still evaluating how this pronouncement will affect the Board.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Board's financial statements.



**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Notes to Financial Statements  
June 30, 2015

**NOTE 14. SUBSEQUENT PRONOUNCEMENTS-(continued)**

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Board is still evaluating how this pronouncement will effect the financial statements.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2016. The Board expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2017. The Board is still evaluating how this pronouncement will effect the financial statements.

**NOTE 15. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 4, 2015 which is the date on which the financial statements were available to be issued. No events were noted for disclosure.

**NOTE 16. JOINT POWERS AGREEMENTS**

On June 27, 2014 the Board executed a joint powers agreement with the Office of the Governor regarding legal services for DOI administrative procedures. The agreement terminated on June 30, 2015. The total estimated cost of the project is \$50,000. The Board reimbursed the Office of the Governor \$50,000 during fiscal year 2015. The expenditures and reimbursements are audited annually in both the Board and Office of the Governor audits. The expenditures for legal services are accounted for as contractual services in the Office of the Governor's accounting records. The reimbursements to the Office of the Governor for legal services are recorded as contractual services in the Board's accounting records. There is no fiscal agent clause associated with this specific joint powers agreement.

On April 23, 2015 the Board and the Indian Affairs Department executed a joint powers agreement with the Office of the Governor regarding legal services for the DOI Tenth Circuit Court Appeal. The agreement terminates on June 30, 2016. The total estimated cost of the project is \$20,000. The Board reimbursed the Office of the Governor \$15,000 during fiscal year 2015. The expenditures and reimbursements are audited annually in both the Board and the Office of the Governor audits. The expenditures for legal services are accounted for as contractual services in the Office of the Governor's accounting records. The reimbursements to the Office of the Governor for legal services are recorded as contractual services in the Board's accounting records. There is no fiscal agent clause associated with this specific joint powers agreement.

On June 17, 2015 the Board executed an intergovernmental agreement with the Regulation and Licensing Department regarding information technology services for host and maintenance of system automation products. The agreement terminated on June 30, 2015. The total estimated cost of the project is \$30,000. At June 30, 2015 the Board owed the Regulation and Licensing Department \$30,000 for services rendered during fiscal year 2015. The expenditures and reimbursements are audited annually in both the Board and the Regulation and Licensing Department's audits. The expenditures for services are accounted for as contractual services in the Board's accounting records and revenues in the Regulation and Licensing Department's accounting records at June 30, 2015. There is no fiscal agent clause associated with this specific intergovernmental agreement.

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Schedule of Changes in Fiduciary Assets and Liabilities  
 Licensing and Background Fees Fund  
 Agency Funds  
 For the Year Ended June 30, 2015

Schedule I

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS</b>				
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 28,299	\$ 408,142	\$ 416,261	\$ 20,180
Accounts receivable	8,699	39,851	39,850	8,700
<i>Total assets</i>	<u>\$ 36,998</u>	<u>\$ 447,993</u>	<u>\$ 456,111</u>	<u>\$ 28,880</u>
<b>LIABILITIES</b>				
Due to the state general fund	\$ 26,999	\$ 392,642	\$ 416,261	\$ 3,380
Receipts held in suspense	10,000	35,500	20,000	25,500
<i>Total liabilities</i>	<u>\$ 36,999</u>	<u>\$ 428,142</u>	<u>\$ 436,261</u>	<u>\$ 28,880</u>

See independent auditors' report

**STATE OF NEW MEXICO**  
 New Mexico Gaming Control Board  
 Schedule of Special Appropriations  
 For the Year Ended June 30, 2015

Schedule II

	<u>Amount Appropriated</u>	<u>Current Year Revenue</u>	<u>Current Year Expenditures</u>	<u>Project to Date Expenditures</u>	<u>Unexpended Portion*</u>	<u>Unexpended and Reverted</u>
Laws of 2012, Ch 19 Sec 5	\$ 200,000	\$ -	\$ 89,532	\$ 93,345	\$ 106,655	\$ -
Laws of 2013 Ch 227 Sec 7	2,500,000	1,313,675	1,313,675	2,500,000	-	-
<b>Total Special Appropriations</b>	<b>\$ 2,700,000</b>	<b>\$ 1,313,675</b>	<b>\$ 1,403,207</b>	<b>\$ 2,593,345</b>	<b>\$ 106,655</b>	<b>\$ -</b>

\*The unexpended portion is reported as a restricted fund balance in the governmental funds balance sheet

See independent auditors' report

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**STATE OF NEW MEXICO**

Schedule III

New Mexico Gaming Control Board

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)

For the Year Ended June 30, 2015

Prepared by: New Mexico Gaming Control Board

Title: Chief Financial Officer

Date: September 21, 2015

<u>RFP#/ RFB#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>	<u>Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded</u>	<u>In-State/Out-of- State Vendor (Y or N) (Based on Statutory Definition)</u>	<u>Was the Vendor In- State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A</u>	<u>Brief Description of the Scope of Work</u>
None								

See independent auditors' report

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**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***

**INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor  
Chairman and Board Members  
New Mexico Gaming Control Board  
Albuquerque, New Mexico

We have audited, 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, the financial statements of the governmental activities, the General Fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the New Mexico Gaming Control Board (the "Board") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 4, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP

Albuquerque, New Mexico

November 4, 2015

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

1. Type of auditors’ report issued	Unmodified
2. Internal Control over financial Reporting	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	None noted

**SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES**

No current year findings

**PRIOR YEAR FINDINGS**

FS 2013-002 Gaming Control Board Polices Outdated – Resolved

FS 2013-004 Capital Asset Inventory Not Certified by Board –Resolved

**STATE OF NEW MEXICO**  
New Mexico Gaming Control Board  
Other Disclosures  
June 30, 2015

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 6, 2015. The following individuals were in attendance.

**Representing New Mexico Gaming Control Board**

Donovan Lieurance	Acting Executive Director
Jeffrey S. Landers	Chairman
Cynthia M. Ortega-Armijo	Administrative Services Director

**Representing Accounting & Consulting Group, LLP**

Robert Cordova, CPA	Audit Partner
Morgan Browning, CPA, CGFM	Audit Manager

**Auditor Prepared Financial Statements**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Board from the original books and records provide to them by the management of the Board. The responsibility for the financial statements remains with the Board.