

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL  
AFFAIRS

Financial Statements

June 30, 2015



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**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**

**Official Roster**  
**June 30, 2015**

<b>Administrative Officials</b>	<b>Title</b>
Veronica Gonzales	Cabinet Secretary
Michael Delello	Deputy Cabinet Secretary
Satya Neel	Chief Information Officer
Greg Geisler	Director – CFO, Administrative Services
Rebecca Avitia	Director - National Hispanic Cultural Center
Eric Blinman	Director - Office of Archaeological Studies
Will Ticknor	Director - Museum Resources Division
Chris Orwoll	Director - New Mexico Museum of Space History
Gary Romero	Acting Director - New Mexico Museum of Natural History & Science
Mary Kershaw	Director - New Mexico Museum of Art
Loie Fecteau	Director - New Mexico Arts
Marsha Bol	Director - Museum of International Folk Art
Kathleen Moeller-Peiffer	Director - New Mexico State Library
Richard Sims	Director - New Mexico State Monuments
Jeff Pappas	Director - Historic Preservation Division
Andrew Wulf	Acting Director - New Mexico History Museum
Mark Santiago	Director - New Mexico Farm & Ranch Heritage Museum
Della Warrior	Director - Museum of Indian Arts and Culture

## INDEPENDENT AUDITOR'S REPORT

Veronica N. Gonzales, Cabinet Secretary  
and Mr. Timothy Keller, New Mexico State Auditor  
State of New Mexico Department of Cultural Affairs

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue fund of the State of New Mexico Department of Cultural Affairs (DCA), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise DCA's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of DCA's nonmajor governmental, the fiduciary fund and budgetary comparisons for the major capital projects funds, the major debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DCA, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, and the fiduciary fund of DCA as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2, the financial statements of DCA are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, business type activities, major funds, and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of DCA. 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 thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-15 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 DCA's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Vendors has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of DCA'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 DCA's internal control over financial reporting and compliance.



Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
November 23, 2015



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

The Department of Cultural Affairs' (DCA) discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of DCA's financial activity, identify changes in financial position, identify any material deviations from the financial plan (the approved budget) and identify any financial issues or concerns. The Management's Discussion and Analysis (MD&A) is designed to focus on the past year's activities and financial changes. As management of DCA, we offer readers this narrative overview and analysis of the financial activities of DCA for the year ended June 30, 2015.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to DCA's basic financial statements. DCA's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) budgetary comparisons, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to be corporate-like in that all governmental activities are consolidated into one column.

The *Statement of Net Position* (Unrestricted and Restricted Net Position) is designed to be similar to a bottom line for DCA and its governmental activities. Most of DCA's basic services are included in the governmental activities. State appropriations, other state funds and federal grants finance most of these activities. The funds included in Governmental Activities for DCA are the General Operating Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund. The business-type activities of the DCA include the Enterprise Fund.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DCA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DCA can be divided into two categories: governmental funds and proprietary funds.

Fund financial statements consist of a series of statements that focus on information about the major governmental and enterprise funds. Fund financial statements also report information about a government's fiduciary funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. DCA has five major funds: the General Operating Fund, 15% Museum Admission Funds, NMFA Projects Fund (69100), Art in Public Places (Fund 69800) and Capital Projects Laws 2010, 2011, and 2012 (89200). Non-major funds by fund type are included in the combining schedules following the notes to the financial statements.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Governmental Funds**

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the DCA's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements are identified per the table of contents of this report.

**Proprietary Fund**

*Enterprise funds* are used to report the same function presented as business-type activities in the government-wide financial statements. The DCA maintains one type of proprietary funds. The DCA enterprise fund was created by the legislature in 2013 as a nonreverting fund in the state treasury. The fund consist of appropriations to the fund, revenue generated by the department, proceeds from the disposition of department property, income from investments of the fund, gifts, grants donations and bequests. Prior to the creation of this fund, DCA revenue, primarily museum admissions receipts, was recorded and would carryover in the general operating fund (19300).

The basic proprietary fund financial statements are identified per the table of contents of this report.

**Fiduciary Funds**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the DCA's own programs.

The basic fiduciary fund financial statements are identified per the table of contents of this report.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Agency Funds**

The fund financial statements also allow the government to address its agency funds. While these funds represent trust responsibilities of the government, these assets are committed in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements. With the implementation of GASB Statement No. 34, agency funds are not included with the governmental-type funds, since these funds are not available to support DCA's programs.

**Budgetary Comparisons**

In addition to the MD&A, GASB Statement No. 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget to be presented as required supplementary information. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances stated on the government's budgetary basis. As required by the Office of the State Auditor under 2 NMAC 2.2, the non-major Statements of Revenues and Expenditures - Budget and Actual, are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

**Governmental Activities**

The below table summarizes DCA's Net Position for governmental activities for the fiscal year ended June 30, 2015. Total DCA Net Position for fiscal year 2015 was \$99,382,746. The net position reflects \$95,534,346 million in a net investment of capital assets, \$1,496,804 in assets restricted for capital projects, \$1,936,184 in assets restricted for special projects and statutory requirements, \$1,591,849 in assets restricted for debt service and (\$1,176,437) in unrestricted funds. The negative unrestricted balance is primarily due to the compensated absences (a current liability for an employee benefit) reported within the Statement of Net Position. Overall net change in position is a reduction of \$5,497,636, primarily reflecting a reduction in the value of capital assets (due to depreciation), a lower balance in unrestricted cash in the general fund investment pool and a spend down of Art in Public Places cash balances (Fund 698).

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Statement of Net Position - Governmental Activities**

	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Assets</b>		
Current and other assets	\$ 9,093,371	12,043,355
Capital assets	<u>100,049,436</u>	<u>103,877,408</u>
<b>Total Assets</b>	<u>109,142,807</u>	<u>115,920,763</u>
<b>Liabilities</b>		
Current liabilities	5,735,480	6,525,744
Long-term liabilities	<u>4,024,581</u>	<u>4,514,637</u>
<b>Total Liabilities</b>	<u>9,760,061</u>	<u>11,040,381</u>
<b>Net Position</b>		
Net investment in capital assets	95,534,346	98,888,285
Restricted	5,024,837	6,091,271
Unrestricted	<u>(1,176,437)</u>	<u>(99,174)</u>
<b>Total Net Position</b>	<u>\$ 99,382,746</u>	<u>104,880,382</u>

**Statement of Activities - Governmental Activities**

	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Revenues</b>		
Program revenues	\$ 10,015,854	10,031,172
General revenues	<u>30,122,400</u>	<u>29,188,424</u>
<b>Total Revenues</b>	40,138,254	39,219,596
Program expenses	<u>(49,981,134)</u>	<u>(47,110,923)</u>
Deficiency of Revenues over Expenditures	(9,842,880)	(7,891,327)
Net transfers	4,338,022	6,191,878
Other items	<u>7,222</u>	<u>657,905</u>
Change in Net Position	(5,497,636)	(1,041,544)
Net position, beginning	104,880,382	101,879,209
Restatement	<u>-</u>	<u>4,042,717</u>
Net position, beginning as restated	104,880,382	105,921,926
<b>Net Position, Ending</b>	<u>\$ 99,382,746</u>	<u>104,880,382</u>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Discussion on and Changes in Net Position for Governmental Activities**

As shown on the previous page, DCA's Net Position for fiscal year 2015 was \$5.5 million lower compared to fiscal year 2014. Key areas of the statement of net activities in 2015 are discussed below:

*Revenues.* Total revenues of \$40.1 million are slightly higher than FY14, primarily due to an increase in State general fund of \$933 thousand over fiscal year 2014.

*Expenditures.* Operating expenses grew by \$2.6 million from FY14 to FY15, primarily personnel services and employee benefits (\$1.3 million) as the agency decreased the number of vacant positions from approximately 18 percent down to 12 percent. In addition, maintenance and repairs expenses grew by \$1.3 million from FY14 to FY15.

*Change in net position and ending net position.* Department earned revenue growth continues to trail growth in expenditures, although the majority of the \$9.8 deficiency of revenues over expenditures is attributable to depreciation expense of \$6.1 million (a non-cash adjustment). The majority of the deficiency of revenues over expenditures was covered by net transfers of \$4.3 million; including bond proceed transfers of \$3.6 million and \$645 thousand in transfers from other agencies.

**Business-Type Activities**

The below table summarizes DCA's Net Position for business-type activities for the fiscal year ended June 30, 2015. Total DCA Net Position for fiscal year 2015 was \$2,086,264, reflecting \$341,308 investment in capital assets and \$2,240,792 remaining in net cash balances in the department's enterprise fund.

**Statement of Net Position - Business-Type Activities**

	6/30/2015	6/30/2014
<b>Assets</b>		
Current and other assets	\$ 2,240,792	4,794,070
Capital assets	341,308	499,705
<b>Total Assets</b>	<b>2,582,100</b>	<b>5,293,775</b>
<b>Liabilities</b>		
Current liabilities	299,662	1,211,252
Long-term liabilities	196,174	362,401
<b>Total Liabilities</b>	<b>495,836</b>	<b>1,573,653</b>
<b>Net Position</b>		
Investment in capital assets	341,308	499,705
Restricted	-	-
Unrestricted	1,744,956	3,220,417
<b>Total Net Position</b>	<b>\$ 2,086,264</b>	<b>3,720,122</b>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Statement of Activities - Business-Type Activities**

	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Revenues</b>		
General revenues	\$ 1,380	4,838
<b>Total Revenues</b>		
Program expenses	<u>(1,635,238)</u>	<u>(675,956)</u>
Deficiency of Revenues over Expenditures	(1,633,858)	(671,118)
Net transfers	-	(543,822)
Other items	<u>-</u>	<u>(332,200)</u>
Change in Net Position	(1,633,858)	(1,547,140)
Net position, beginning	3,720,122	5,267,262
Restatement	-	-
Net position, beginning as restated	<u>3,720,122</u>	<u>5,267,262</u>
<b>Net Position, Ending</b>	<u>\$ 2,086,264</u>	<u>3,720,122</u>

**Discussion on and Changes in Net Position for Business-Type Activities**

The enterprise fund contains prior earned revenue of the department and the balance of the fund is declining as expenditures exceed minimal inflows of earned revenue. Program expenses are higher in fiscal year 2015 (primarily for personnel costs and benefits) than in fiscal year 2014 leading to a lower net position of \$1,633,858. This trend is expected to continue in FY16 as the department relies on transfers from the enterprise fund to support core operations. The department is projecting the eventual depletion of cash balances in the enterprise fund. The FY17 appropriation request has not included the enterprise fund as a funding source and the department is seeking to replace the use of these funds with additional general fund appropriations.

**Discussion of Balances and Transactions of Selected Individual Funds**

Individual statements are provided for major governmental funds in the audit report. Of note, total assets of \$9.6 million are almost \$5 million lower than fiscal year 2014, reflecting expenditures of prior year cash balances in capital outlay accounts (Funds 892 and 478) and prior year cash balances for Art in Public Places (Fund 698). Note that capital assets are not recorded in the governmental funds.

Governmental fund liabilities declined by \$2.8 million, primarily due to a lower balances in accounts payable and due to other funds. Overall, the fund balance of \$4.6 million reflects a net reduction of \$2.6 million compared to FY14.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**General Fund Budgetary Highlights**

The New Mexico State Legislature makes annual appropriations to DCA. Amendments to the appropriated budget require approval by the Budget Division of the Department of Finance and Administration, with review by the Legislative Finance Committee. Over the course of the year, DCA adjusts its budget as authorized in the Appropriations Act. The budget adjustments fall into four categories:

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

Of note in FY15, the department reduced the number of vacant positions from 18 percent down to 12 percent. This increased personnel and benefits costs to \$28.1 million, an increase of \$2.6 million from 2014 (although still lower than the final budget of \$28.9 million). Actual contractual services expenditures of \$3.6 million were lower than budgeted as the agency shifted resources into other operating costs to cover facility needs. Overall expenditures of \$41.2 million shown on the Statement of Revenues and Expenditures (Budget and Actual) for the Combined Operating Fund are \$2.5 million higher than FY14.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2015, DCA had capital assets of \$100,049,436 (net of depreciation) reflected on the Statement of Net Position. This amount represents a decrease of \$3,827,972 over fiscal year 2014 fixed assets, as adjusted. This occurs because department capital spending is typically lower than the depreciation expense on assets acquired in prior years. See note 4 for additional details.

**Debt Administration**

At June 30, 2015, DCA had total outstanding debt of \$4,515,090. Outstanding debt is backed by specific state tax revenues allocated to DCA for debt service. The Department's total debt decreased by \$474,033 due to principal repayments. See note 17 for additional details.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2015**

**Economic Factors**

The department benefited from general fund increases in FY14 of approximately \$1.7 million and \$1.4 million in fiscal year 2015. However, reduced general fund appropriations were the case in FY16 due to lower state revenues from oil and gas production taxes. The department received an increase of only \$314.8 thousand in FY16 and is expecting a minimal general fund increase for fiscal year 2017. On a positive note, general tourism to New Mexico has been on the upswing, which if sustained, should increase museum attendance revenue. Increased museum revenue from ticket sales, facility rentals, and special programs will be critical to offset slow growth in state general fund appropriations.

**Requests for Information**

This financial report is designed to provide a general overview of DCA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, 407 Galisteo Street, Suite 264, Bataan Memorial Bldg., Santa Fe, New Mexico 87501.



## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF NET POSITION  
June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Interest in State Treasurer General Fund Investment Pool	\$ 5,625,481	2,240,792	7,866,273
Restricted cash	670,305	-	670,305
Receivables:			
Other, net	358,225	-	358,225
Due from federal government	670,712	-	670,712
Due from other state agencies	1,464,212	-	1,464,212
Due from local governments	7,426	-	7,426
Inventory	297,010	-	297,010
<b>Total Current Assets</b>	<u>9,093,371</u>	<u>2,240,792</u>	<u>11,334,163</u>
Capital assets	175,749,908	501,116	176,251,024
Accumulated depreciation	(75,700,472)	(159,808)	(75,860,280)
<b>Total Assets</b>	<u>109,142,807</u>	<u>2,582,100</u>	<u>111,724,907</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	2,888,457	299,662	3,188,119
Accrued payroll	792,325	-	792,325
Unearned revenue	120,511	-	120,511
Due to other state agencies	113,829	-	113,829
Due to federal government	31,058	-	31,058
Due to state general fund	52,910	-	52,910
Other liabilities	87,592	-	87,592
Due within one year			
Compensated absences	1,097,172	-	1,097,172
Current portion of long-term obligations	490,509	-	490,509
Accrued interest	61,117	-	61,117
<b>Total Current Liabilities</b>	<u>5,735,480</u>	<u>299,662</u>	<u>6,035,142</u>
Due in more than one year			
AFSCME Settlement	-	196,174	196,174
Long-term obligations	4,024,581	-	4,024,581
<b>Total Liabilities</b>	<u>9,760,061</u>	<u>495,836</u>	<u>10,255,897</u>
<b>NET POSITION</b>			
Net investment in capital assets	95,534,346	341,308	95,875,654
Restricted for:			
Capital projects	1,496,804	-	1,496,804
Special projects and statutory requirements	1,936,184	-	1,936,184
Debt service	1,591,849	-	1,591,849
Unrestricted	(1,176,437)	1,744,956	568,519
<b>Total Net Position</b>	<u>\$ 99,382,746</u>	<u>2,086,264</u>	<u>101,469,010</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
Museum services	\$ 32,961,843	3,568,494	462,553	834,929	(28,095,867)	-	(28,095,867)
Preservation and library	9,951,628	1,787,511	2,757,730	-	(5,406,387)	-	(5,406,387)
Arts	2,654,211	20	568,572	-	(2,085,619)	-	(2,085,619)
Program support	4,224,262	36,045	-	-	(4,188,217)	-	(4,188,217)
Interest on long-term debt	189,190	-	-	-	(189,190)	-	(189,190)
<b>Total governmental activities</b>	<b>49,981,134</b>	<b>5,392,070</b>	<b>3,788,855</b>	<b>834,929</b>	<b>(39,965,280)</b>	<b>-</b>	<b>(39,965,280)</b>
Business-type activities							
Enterprise fund 53000	1,635,238	-	-	-	-	(1,635,238)	(1,635,238)
<b>Total business-type activities</b>	<b>1,635,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,635,238)</b>	<b>(1,635,238)</b>
<b>Total primary government</b>	<b>\$ 51,616,372</b>	<b>5,392,070</b>	<b>3,788,855</b>	<b>834,929</b>	<b>(39,965,280)</b>	<b>(1,635,238)</b>	<b>(41,600,518)</b>
General Revenues, special items and transfers							
State general fund appropriations					30,122,400	-	30,122,400
Transfers - reversions to state general fund					-	-	-
Transfer of bond proceed appropriations					3,692,814	-	3,692,814
Transfers from other agencies					645,208	-	645,208
Interest and investment earnings					7,222	-	7,222
Miscellaneous					-	1,380	1,380
<b>Total general revenues, special items and transfers</b>					<b>34,467,644</b>	<b>1,380</b>	<b>34,469,024</b>
<b>Change in net position</b>					<b>(5,497,636)</b>	<b>(1,633,858)</b>	<b>(7,131,494)</b>
Net Position, beginning of year					104,880,382	3,720,122	108,600,504
Net Position, ending					<b>\$ 99,382,746</b>	<b>2,086,264</b>	<b>101,469,010</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

	<b>19300</b>	<b>19400</b>	<b>69100</b>
	General	15% Museum	
	Operating	Admission	NMFA
	Fund	Funds	Projects Fund
<b>ASSETS</b>			
Interest in State Treasurer General Fund Investment Pool	\$ 1,409,412	1,439,610	960,428
Restricted cash	9,900	-	660,405
Other receivables, net	358,225	-	-
Due from federal government	670,712	-	-
Due from other state agencies	590,495	-	67,191
Due from local governments	7,426	-	-
Due from other funds	137,141	443,368	-
Inventory	297,010	-	-
<b>Total Assets</b>	<b>\$ 3,480,321</b>	<b>1,882,978</b>	<b>1,688,024</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,002,467	86,122	96,175
Accrued payroll	792,325	-	-
AFSCME settlement	-	-	-
Unearned revenue	120,511	-	-
Due to other state agencies	12,699	-	-
Due to federal government	31,058	-	-
Due to other funds	443,368	-	-
Due to State General Fund	38,225	-	-
Other liabilities	57,816	-	-
<b>Total liabilities</b>	<b>3,498,469</b>	<b>86,122</b>	<b>96,175</b>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	297,010	-	-
Restricted	-	1,796,856	1,591,849
Committed	-	-	-
Assigned	-	-	-
Unassigned	(315,158)	-	-
<b>Total fund balances</b>	<b>(18,148)</b>	<b>1,796,856</b>	<b>1,591,849</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 3,480,321</b>	<b>1,882,978</b>	<b>1,688,024</b>

See Notes to Financial Statements.

<b>69800</b>	<b>89200</b>		
Arts in Public Places Fund	Capital Projects Laws 10, 11, 12, 13	Other Governmental Funds	Total
1,575,583	-	240,448	5,625,481
-	-	-	670,305
-	-	-	358,225
-	-	-	670,712
-	806,516	10	1,464,212
-	-	-	7,426
-	-	-	580,509
-	-	-	297,010
<b>1,575,583</b>	<b>806,516</b>	<b>240,458</b>	<b>9,673,880</b>
64,282	639,411	-	2,888,457
-	-	-	792,325
-	-	-	-
-	-	-	120,511
-	-	101,130	113,829
-	-	-	31,058
-	137,141	-	580,509
14,685	-	-	52,910
-	29,776	-	87,592
<b>78,967</b>	<b>806,328</b>	<b>101,130</b>	<b>4,667,191</b>
-	-	-	-
-	-	-	-
-	-	-	297,010
1,496,616	188	139,328	5,024,837
-	-	-	-
-	-	-	-
-	-	-	(315,158)
<b>1,496,616</b>	<b>188</b>	<b>139,328</b>	<b>5,006,689</b>
<b>1,575,583</b>	<b>806,516</b>	<b>240,458</b>	<b>9,673,880</b>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2015**

	<u>Governmental Activities</u>
<b>Total Fund Balance - Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 5,006,689

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost of capital assets	175,749,908
Accumulated depreciation	<u>(75,700,472)</u>
<b>Total capital assets</b>	<u>100,049,436</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term debt	(4,515,090)
Accrued interest	(61,117)
Compensated absences payable	<u>(1,097,172)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u><u>\$ 99,382,746</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	<b>19300</b>	<b>19400</b>	<b>69100</b>
	General Operating Fund	15% Museum Admission Funds	NMFA Projects Fund
<b>Revenues</b>			
Fees and services	\$ 3,964,345	-	-
Interest revenue	7,105	-	-
Other state funds	1,158,466	-	834,929
Federal grants and contracts	3,280,665	-	-
Private gifts and grants	283,014	300,000	-
Miscellaneous	165,391	-	-
<b>Total revenues</b>	<b>8,858,986</b>	<b>300,000</b>	<b>834,929</b>
<b>Expenditures</b>			
Personnel services and employee benefits	26,975,008	-	-
In-state travel	168,261	-	-
Maintenance and repairs	2,183,598	68,337	249,957
Supplies	886,787	18,277	-
Contractual services	3,660,377	151,250	47,907
Operating costs	4,673,361	43,261	-
Other costs	249,557	-	11,644
Out-of-state travel	30,349	-	-
Grants to other agencies, governments and entities	1,313,808	-	-
Capital outlay	439,063	48,125	29,408
Debt service			
Principal	-	-	437,426
Interest	-	-	189,190
<b>Total expenditures</b>	<b>40,580,169</b>	<b>329,250</b>	<b>965,532</b>
Excess (Deficiency) of Revenues over (under)			
Expenditures before other financing sources (uses)	(31,721,183)	(29,250)	(130,603)
<b>Other Financing Sources (Uses)</b>			
State general fund appropriations	30,122,400	-	-
Transfers - revisions to state general fund	-	-	-
Transfer of bond proceed appropriations	-	-	-
Transfers from (to) other agencies	625,208	-	-
Transfers, in	-	-	-
Transfers, in - enterprise funds	-	-	-
Transfers, out	-	-	-
<b>Total other financing sources (uses)</b>	<b>30,747,608</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(973,575)</b>	<b>(29,250)</b>	<b>(130,603)</b>
Fund balances, beginning of year	955,427	1,826,106	1,722,452
<b>Fund balances, end of year</b>	<b>\$ (18,148)</b>	<b>1,796,856</b>	<b>1,591,849</b>

See Notes to Financial Statements.

<b>69800</b>	<b>89200</b>		
Arts in Public Places Fund	Capital Projects Laws 10, 11, 12, 13	Other Governmental Funds	Total
-	-	-	3,964,345
-	-	117	7,222
-	-	-	1,993,395
-	-	-	3,280,665
-	-	-	583,014
-	-	29,043	194,434
-	-	29,160	10,023,075
-	-	-	26,975,008
-	-	-	168,261
-	1,075,493	-	3,577,385
42,100	100,507	-	1,047,671
694,425	52,368	-	4,606,327
-	-	-	4,716,622
-	3,756	14,016	278,973
-	-	-	30,349
-	889,594	-	2,203,402
205,200	1,571,096	-	2,292,892
-	-	-	437,426
-	-	-	189,190
941,725	3,692,814	14,016	46,523,506
(941,725)	(3,692,814)	15,144	(36,500,431)
-	-	-	30,122,400
-	-	-	-
-	3,692,814	-	3,692,814
20,000	-	-	645,208
-	-	-	-
-	-	-	-
-	-	-	-
20,000	3,692,814	-	34,460,422
(921,725)	-	15,144	(2,040,009)
2,418,341	188	124,184	7,046,698
1,496,616	188	139,328	5,006,689



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds  
(Statement of Revenue, Expenditures, and Changes  
in Fund Balances)** \$ (2,040,009)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	2,151,348
Depreciation expense	<u>(5,979,321)</u>
	(3,827,973)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.

The following represents the changes in long-term debt for the fiscal year:

Changes in long-term debt	474,033
Change in accrued interest on long-term debt	5,582
Change in compensated absences	<u>(109,269)</u>
	370,346

**Change in net position of governmental activities (Statement of Activities)** \$ (5,497,636)

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED OPERATING FUND - DCA  
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 30,373,300	30,464,132	29,972,400	(491,732)
Intra-state Transfers	108,000	108,000	5,000	(103,000)
Federal Grants	4,226,300	4,701,993	3,383,855	(1,318,138)
Earned Revenues	7,493,700	7,498,168	5,996,719	(1,501,449)
Private Gifts and Grants	-	-	-	-
Miscellaneous	7,500	15,000	-	(15,000)
<b>Total Revenue</b>	<u>42,208,800</u>	<u>42,787,293</u>	<u>39,357,974</u>	<u>(3,429,319)</u>
Prior Year Cash Budgeted	<u>1,759,300</u>	<u>2,011,300</u>		
Total Budget Revenues	43,968,100	44,798,593		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	29,746,000	28,948,100	28,058,940	889,160
Contractual Services	4,901,100	5,028,743	3,603,570	1,425,173
Other Operating Costs	9,321,000	10,821,750	9,557,390	1,264,360
<b>Total Expenditures</b>	<u>43,968,100</u>	<u>44,798,593</u>	<u>41,219,900</u>	<u>3,578,693</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,861,926)</u>	<u>149,374</u>
<b>Cash Balance Carryforward</b>	<u>-</u>	<u>-</u>		

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**15% MUSEUM ADMISSION FUNDS (19400)**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	-	-	-	-
Intra-state Transfers	-	-	-	-
Federal Grants	-	-	-	-
Earned Revenues	-	-	-	-
Private Gifts and Grants	-	-	300,000	300,000
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	-	-	<u>300,000</u>	<u>300,000</u>
Prior Year Cash Budgeted	-	469,375		
Total Budget Revenues	-	469,375		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	151,250	151,250	-
Other Operating Costs	-	318,125	178,000	140,125
<b>Total Expenditures</b>	-	<u>469,375</u>	<u>329,250</u>	<u>140,125</u>
Excess (Deficiency) of revenues over expenditures	-	-	<u>(29,250)</u>	<u>440,125</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF NET POSITION - ENTERPRISE FUND (53000)  
June 30, 2015**

**ASSETS**

Current Assets	
Interest in state treasurer general fund investment pool	\$ 2,240,792
Other receivables	-
<b>Total current assets</b>	<u>2,240,792</u>
Noncurrent Assets	
Capital assets:	
Buildings and improvements	14,605
Information technology	454,561
Machinery and equipment	31,950
Less accumulated depreciation	<u>(159,808)</u>
<b>Total noncurrent assets</b>	<u>341,308</u>
<b>Total assets</b>	<u>2,582,100</u>

**LIABILITIES**

Current Liabilities	
Accounts payable	299,662
Due to other state agencies	-
AFSCME settlement	-
<b>Total current liabilities</b>	<u>299,662</u>
Non-Current Liabilities	
AFSCME Settlement, net of current	<u>196,174</u>
<b>Total non-current liabilities</b>	<u>196,174</u>
<b>Total liabilities</b>	<u>495,836</u>

**NET POSITION**

Investment in capital assets	341,308
Restricted for debt service	-
Unrestricted	<u>1,744,956</u>
<b>Total net position</b>	<u>\$ 2,086,264</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - ENTERPRISE FUND (53000)  
Year Ended June 30, 2015**

Operating Revenues	
Miscellaneous	\$ <u>1,380</u>
<b>Total operating revenues</b>	<u>1,380</u>
Operating Expenses	
Personnel services and employee benefits	1,173,931
Maintenance and repairs	23,856
Supplies	21,185
Contractual services	155,416
Advertising	26
Other operating costs	102,427
Depreciation	<u>158,397</u>
<b>Total operating expenses</b>	<u>1,635,238</u>
Operation income (loss)	<u>(1,633,858)</u>
Transfers	
Transfers, in	-
Transfers, out	<u>-</u>
<b>Change in net position</b>	(1,633,858)
Net position, beginning of year	<u>3,720,122</u>
<b>Net position, end of year</b>	<u>\$ <u>2,086,264</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF CASH FLOWS - ENTERPRISE FUND (53000)  
Year Ended June 30, 2015**

Cash Flows From Operating Activities	
Cash received from customers and others	\$ 6,218
Cash paid for goods and services	<u>(2,554,658)</u>
<b>Net cash used by operating activities</b>	<u>(2,548,440)</u>
Net decrease in cash and cash equivalents	(2,548,440)
Cash and cash equivalents, beginning of year	<u>4,789,232</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,240,792</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (1,633,858)
Adjustments to operating loss to net cash provided by operating activities:	
Depreciation expense	158,397
Change in assets and liabilities:	
Other receivables	4,838
Due from other funds	-
Accounts payable	(674,330)
Due to other state agencies	(51,461)
AFSCME settlement	<u>(352,026)</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (2,548,440)</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF FIDUCIARY NET POSITION  
Year Ended June 30, 2015**

	<b>59300</b>	<b>61200</b>	<b>20070</b>	
	Historic Preservation Revolving Agency Fund	Bartlett Trust Fund	Main Street Revolving Loan Agency Fund	Total
<b>ASSETS</b>				
Interest in State Treasurer Fund Investment Pool	\$ 399,214	143,042	66,408	608,664
Loans receivable, net of allowance for uncollectible	46,856	10	-	46,866
<b>Total assets</b>	<b>446,070</b>	<b>143,052</b>	<b>66,408</b>	<b>655,530</b>
<b>LIABILITIES</b>				
Deposits held in custody for others	446,070	-	16,408	462,478
Other liabilities	-	-	50,000	50,000
<b>Total liabilities</b>	<b>446,070</b>	<b>-</b>	<b>66,408</b>	<b>512,478</b>
<b>NET POSITION</b>	<b>\$ -</b>	<b>143,052</b>	<b>-</b>	<b>143,052</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-  
Year Ended June 30, 2015**

	<b>61200</b>
	Bartlett Trust Fund
	<u>                    </u>
<b>REVENUE</b>	
Interest income	\$ <u>          139</u>
<b>EXPENSE</b>	
Professional services	-
Other services	<u>          15,000</u>
<b>Total expense</b>	<u>          15,000</u>
<b>Net change in fund balance</b>	<u>          (14,861)</u>
Net Position, beginning of year	<u>          157,913</u>
<b>Net Position, end of year</b>	\$ <u><u>          143,052</u></u>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 1. NATURE OF ORGANIZATION**

The State of New Mexico Department of Cultural Affairs (DCA) was created to consolidate into one office several cultural affairs divisions of the former Education, Finance and Cultural Affairs departments. The DCA administrative head is the Secretary of Cultural Affairs, appointed by the Governor of the State of New Mexico.

In FY2015, the DCA was comprised of the following:

**Administrative Services Division** – The Administrative Services Division is expected to provide overall administrative support to all other divisions, including coordination of long-term and short-term planning, financial and property control, budget preparation and other clerical services.

**Museum Resources Division** – This division provides essential museum services to primarily the four museums in Santa Fe and the State Monuments. Museum services include admissions, exhibitions, conservation and the Museum of New Mexico Press.

**New Mexico Arts Division** - It is the responsibility of this division for advising and assisting public agencies in planning civic beautification, for fostering appreciation for fine arts, and for making New Mexico more appealing to the world, encouraging creative activity in the arts by residents of the State, attracting other creators in the fine arts field and administering grants-in-aid programs.

**Museum of New Mexico Division** – These divisions are responsible for acquiring, preserving and exhibiting objects of historical, archaeological and ethnological interest and works of fine art, folk art and crafts of ethnological interest to the public. The divisions also administer real property acquired for museum use or benefit through purchase, donation or bequest. In cooperation with other agencies, the federal government, private organization and individuals, these divisions establish the programs of and maintain four state museums located in Santa Fe including the New Mexico History Museum/Palace of the Governors, New Mexico Museum of Art, Museum of International Folk Art, Museum of Indian Arts and Culture and state monuments to include Coronado, Jemez, Lincoln, Fort Selden, Fort Sumner, El Camino Real International Heritage Center, and Fort Stanton.

**New Mexico State Library Division** - The collecting and maintaining of educational and informational materials, and acting as the center of reference, research and loan services for the State of New Mexico is the responsibility of this division.

**Office of Archaeological Studies Division** - The Office of Archaeological Studies performs archaeological studies for other governmental organizations that are mandated by laws and regulations to have an archaeological study performed.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**Historic Preservation Division** - The Historic Preservation Division is responsible for preparation of long-range plans for the preservation of cultural properties (historic and prehistoric sites and structures) including, but not limited to, acquisition, restoration and protection.

This division also reviews all federally funded or licensed land modifying activities to ensure protection of cultural resources, maintains the State Register of Cultural Properties, nominates significant cultural resources to the National Register of Historic Places, conducts the state and federal tax credit program for restoration of historic structures, coordinates with all levels of government to ensure that cultural resources are considered at all steps of project planning, and provides technical assistance to the public regarding preservation.

**NM Museum of Natural History and Science Division** – This division is responsible for the Museum of Natural History and Science, located in Albuquerque, New Mexico, which was established to collect, preserve, study and interpret material related to the natural history and science of the State and to develop and maintain programs of an educational nature for the benefit of the citizens of New Mexico and visitors to the State.

**National Hispanic Cultural Center Division** - This division is responsible for developing exhibits and programs displaying Hispanic culture, arts and humanities for the benefit of the public and with particular concern for the interests of the schools of the State. The Center acquires by donation, or other means, collections and related materials appropriate to the Hispanic cultural center, and also performs research to render the collections beneficial to the public.

**NM Museum of Space History Division** - The Space Center maintains and operates the International Space Hall of Fame in Alamogordo, New Mexico, for the benefit of the people of New Mexico, the nation and the world, as an educational project tracing the path of the conquest of space by man.

**Farm and Ranch Heritage Museum Division** - The preservation, collection, interpretation and acknowledgment of the history and sciences of farming and ranching and patterns of rural life in New Mexico, and education of the public about this heritage is the responsibility of this division.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements for DCA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**A. Reporting Entity**

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units in the reporting entity by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Listed below are Foundations that are associated with DCA; however, they have been determined not to be component units of DCA based on the criterion listed above.

- International Folk Art Foundation
- New Mexico Museum of Natural History Foundation
- Museum of New Mexico Foundation
- National Hispanic Cultural Center Foundation
- International Space Hall of Fame Foundation, Inc.
- Friends of the Farm & Ranch Heritage Museum, Inc.
- 

DCA is legally separate and fiscally independent of other state agencies. Although the agency secretary serves at the pleasure of the Governor, that person has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. DCA is a Department of the State of New Mexico.

**B. Basic Financial Statements – Government-Wide Statements**

The basic financial statements include both government-wide (based on the DCA as a whole) and fund financial statements. The new reporting model focus is on either the DCA as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected on a full accrual, economic resources basis measurement focus, which incorporates long-term assets and deferred outflows of resources as well as long-term obligations and deferred inflows of resources. Additionally, internal activity has been eliminated at this level of presentation.

Government-wide Statement of Activities reflects both the gross and net cost per functional category that are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation expense on capital assets) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

DCA has several divisions, although it reports all operations as one program. Since DCA only has one program, it does not employ indirect cost allocation in the financial statements.

This government-wide focus is more on the sustainability of DCA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The effect of material interfund activity has been removed from these government-wide statements. As noted on the next page, neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

**C. Basic Financial Statements – Fund Financial Statements**

Fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds of the governmental categories. Non-major funds are summarized into a single column. DCA has five major funds.

The governmental fund statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how DCA's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental column on the governmental-wide presentation.

When an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, DCA first uses restricted resources, then unrestricted resources.

The focus is on DCA as a whole and the fund financial statements, including the major individual funds of the governmental category, as well as the fiduciary fund by category.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**C. Basic Financial Statements – Fund Financial Statements (continued)**

The financial transactions of DCA are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures or expenses, and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements. GASB No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or governmental and enterprise combined.

**Governmental Funds**

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets, deferred outflows, current liabilities, and deferred inflows are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

General Operating Fund - The general fund is the general operating fund of the DCA and is used to account for all financial resources except those required to be accounted for in another fund. The general fund is reported by a generic fund type classification within the financial statements known as governmental funds.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue funds are also reported by a generic fund type classification known as governmental funds. All special revenue funds are non-reverting.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and water rights. The capital projects fund is reported by a generic fund type classification known as governmental funds.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**C. Basic Financial Statements – Fund Financial Statements (continued)**

**Enterprise Fund**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Fiduciary Funds**

The DCA's fiduciary funds (agency funds) are presented in the fund financial statements and use the economic resources measurement focus and the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Agency, these funds are not incorporated in the government-wide financial statements. Department funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Major Funds**

Funds are classified as major or non-major, with emphasis placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the General fund of the Agency, deemed as major by the Agency due to its importance, or meets the following criteria: total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

19300 - *General Fund* – see previous description for “General Fund”

Special Revenue Funds

19400 - The *15% Museum Admissions Fund* is used to account for exhibit maintenance. This is a non-reverting fund per the Laws of 2005, Chapter 277, Section 7.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**D. Basic Financial Statements – Fund Financial Statements (continued)**

Capital Projects Funds

69800 - The *Department of Cultural Affairs Art in Public Places (AIPP) Fund* is used to account for the acquisition of art as outlined by state law. The fund was established by Laws of 1986. This is a non-reverting fund per Arts in Public Places Laws of NMSA 13-4A-1 to 13-4A-11.

89200 – The *Department of Cultural Affairs fiscal year 2010 through 2013 Capital Projects Severance Tax Bond Fund* is used to account for the acquisition of capital assets as outlined by state law. The fund was established by Laws of 2010 through 2013 and will be utilized for the FY10, FY11, FY12, FY13 and future Severance Tax Bond Capital Outlay Appropriations. This fund will contain appropriations with staggered reversion dates.

Debt Service Funds

The following debt service fund, established at the direction of the Department of Finance and Administration, existed at 2014:

69100 - The *Department of Cultural Affairs, Laws of 2003, Chapters 371, 372 and 430 (2004 Capital Projects Fund)* is used to pay the bonds for the capital projects established by Laws of 2003. This is a non-reverting fund.

Enterprise Funds

53000 - *Enterprise Fund* was created as a non-reverting fund in the state treasury in House Bill 0417, 51st Legislature, Section 1. The fund consists of appropriations to the fund. Revenue generated by the DCA, proceeds from the disposition of the DCA property, income from investment of the fund, gifts, grants, donations and bequests. The fund shall be administered by the DCA, and money in the fund is subject to appropriation by the legislature to the DCA to carry out the provisions of the Cultural Affairs Department Act and other laws administered by the DCA or any of its divisions. Disbursements from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of cultural affairs or the secretary's authorized representative.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**C. Basic Financial Statements – Fund Financial Statements (continued)**

**Non-Major Funds**

Special Revenue Funds

25600 - The *Museum Collections Fund* is used to account for miscellaneous museum collections. This is a non-reverting fund per the Laws of 2005, Chapter 121, Section 1(A).

59100 - The *Department of Cultural Affairs, Laws of 2007, Chapter 83 (Rural Libraries Development Fund)* is used to establish a rural library development program that provides grants-in-aid to improve existing rural libraries. This is a non-reverting fund. It was not budgeted in 2013.

89000 - The *ARRA 2009 Fund* is used for ARRA projects directly awarded to DCA and any pass-through projects. The fund does not receive State General Fund appropriations and therefore is non-reverting.

Capital Projects Fund

26300 - The *Department of Cultural Affairs fiscal year 2008 Capital Projects Fund* is used to account for the acquisition of capital assets as outlined by state law. The fund was established by Laws of 2007, with reauthorization in the Laws of 2008, and Laws of 2009. This is a reverting fund.

47800 - The *Department of Cultural Affairs fiscal year 2010 Capital Projects Fund* is used to account for the acquisition of capital assets as outlined by state law. The fund was established by Laws of 2010.

The following capital projects funds had no activity during fiscal year 2015: 08200, 58700, and 64700 and thus are not presented in these financial statements.

**Fiduciary Funds**

20070 - *Main Street Revolving Loan Agency Fund* – The Main Street Revolving Loan Fund is created in the state treasury fund and consists of appropriations, loans, gifts, grants, donations and bequests made to the fund. Money in the fund is appropriated to the committee for the purpose of making revolving loans pursuant to the provisions of Main Street Revolving Loan Act. Income from the fund should be credited to the fund, and money in the fund should not revert at the end of the year. It is considered an agency fund.

59300 - *Historic Preservation Revolving Agency Fund* - The revolving fund is available for loans from the Fund for low-cost restoration to register properties. This is an agency fund. This fund does not receive State General Fund appropriations and therefore is a non-reverting fund.



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

**C. Basic Financial Statements – Fund Financial Statements (continued)**

61200 - *Bartlett Trust Fund* - The Bartlett Trust Fund is a private purpose fund of the State of New Mexico Department of Cultural Affairs. The Bartlett Trust Fund was created for the purpose of accounting for the proceeds totaling \$75,000 from the sale of El Mirado Ranch, which was bequeathed under the provisions of a will. The proceeds were placed with and invested by the State Treasurer as a permanent fund. The proceeds are used for the Museum of International Folk Art. The trust fund was created by the Laws of 1949 and 1951. This fund does not receive State General Fund appropriations and therefore is a non-reverting fund.

**E. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Fiduciary Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, using the economic resources measurement focus and the accrual basis of accounting, incorporating long-term assets and receivables as well as long-term debt and obligations.

Accrual Accounting

Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

DCA defines the term "available" to include funds received within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**D. Basis of Accounting (continued)**

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Revenues from special appropriations (capital projects) that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other State and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received if they are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB No. 33 (as it relates to non-exchange and exchange transactions), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**E. Budgets and Budgetary Accounting**

The New Mexico State Legislature makes annual appropriations to DCA, which lapse at fiscal year-end but do not revert to the state general fund. Legal compliance is monitored through the establishment of a budget (modified cash-basis) and a financial control system, which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year. The budgetary basis differs from the basis of accounting required by GAAP. Significant differences between the budgetary basis and GAAP include the following:

- The budget does not consider reversions or other transfers to or from other agencies.

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

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**E. Budgets and Budgetary Accounting (continued)**

- No later than September 1, DCA submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings is incorporated into the State's General Appropriations Act.
- The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
- Not later than May 1, DCA submits to DFA an annual operating budget by appropriation unit and object code 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 budgetary adjustments must be approved by the Director of the DFA-Budget Division and LFC.

- Formal budgetary integration is employed as a management control device during the fiscal year for the General and Capital Projects funds. The Trust Funds are not budgeted, as they have no expenditure activity.

The Laws of 2004, Chapter 114, "General Appropriations", established the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting for the State of New Mexico. Encumbrances outstanding at year-end are reported as reservations of fund balance on the balance sheets (in the fund financial statements) and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The capital projects funds are multiple-year appropriations that do not lapse at year-end. Enterprise fund 53000 did not have a budget passed as the expenditures are included in the program budgets included on pages 67 through 72.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**

Cash Equivalents

For the purpose of the Statement of Net Position, "Cash and investments" includes investments in the State Treasurer General Fund Investment Pool. In accordance with Sections 6-10-10 I through O, NMSA 1978 as amended, the State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government. See the State Treasurer's annual audit report for the GASB 40 disclosure of the investments, which may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608.

Investments

Investments include deposits on hand with the State Treasurer. All monies are deposited with and monitored by the State Treasurer. Separate financial statements, which disclose collateral pledged to secure these deposits, are issued by the Office of the State Treasurer.

Inventory

Inventory consists primarily of books and other publications and miscellaneous items held for resale. Inventory is valued at cost, using the first-in, first-out (FIFO) method, not to exceed net realizable value. The net realizable value of inventory for books and other publications is estimated by writing down the carrying value of the inventory, after the year of acquisition, by 20% of the purchase cost over five years. Inventory items are considered expenditures when purchased (purchase method). Under the purchase method, the purchases of inventory are recorded as expenditures and at year-end, the balance of inventories is recorded with an offsetting reserve of fund balance in the governmental fund statements.

Federal Grants Receivable

Various reimbursement procedures are used for federal awards received by DCA. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, unearned revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or unearned revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market 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 is expensed as incurred. The State's capitalization policy (i.e., the dollar value above which asset acquisitions are added to the

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

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)**

capital accounts) is \$5,000. However, all capital outlay purchases may not necessarily be capitalized.

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

Office Furniture, Fixtures and Equipment	5 years
Data Processing Equipment	3 years
Library & Museum	5 years
Software	3 years
Equipment	5 years
Vehicles	5 years
Buildings	30 years
Land Improvements	30 years

DCA utilizes facilities and buildings that are owned by the individual museum governing Boards; as well as its non-museum staff utilizing facilities owned by the Property Control Division of the State of New Mexico General Services Department.

Unearned Special Appropriations

DCA received special appropriations for various capital projects. The funds are typically received entirely in the year of the appropriation, but the capital projects may take several years to complete. Special appropriations revenue is recognized in the year appropriated as it is measurable, available and has no eligibility requirements. Severance tax and general obligation bond proceed appropriations are recognized as revenue when the funds are expended as this is when the applicable eligibility requirements are met.

Net Position

The government-wide fund financial statements utilize a net asset presentation. Net Position are categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* - is intended to reflect the portion of Net Position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

*Restricted Assets* - are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use.

*Unrestricted Assets* - represent unrestricted liquid assets. DCA allocates expenses to restricted or unrestricted resources based on the budgeted source of funds.

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

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (continued)**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2015, DCA reported no deferred outflows or inflows of resources.

Use of Estimates

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

**NOTE 3 – CASH ACCOUNTS AND INVESTMENT POLICY**

**Investments in the State Treasurer General Fund Investment Pool**

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

Investments in the State Treasurer General Fund Investment Pool (SGFIP) and bank account balances are reported at carrying amount which reasonably estimates fair value. At year end, the carrying amounts of State Treasurer accounts and bank accounts were as follows:

<u>Fund Type</u>	<u>Amount</u>
Cash and cash equivalents	
Governmental funds	\$ 6,295,786
Enterprise fund	2,240,792
Fiduciary funds	608,664
Total cash and cash equivalents	\$ <u>9,145,242</u>

**Interest Rate Risk for Investments**

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

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**NOTE 3 – CASH ACCOUNTS AND INVESTMENT POLICY (CONTINUED)**

**Credit Risk for Investments**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The General Fund Investment Pool is not rated for credit risk.

**Custodial Credit Risk-Deposit**

The Office of the State Treasurer (STO) monitors the collateral for deposits it holds, which would include the investment accounts of the DCA. Therefore, collateralization of the DCA's accounts is the responsibility of the STO. The STO has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the DCA is not permitted to have any investments other than what is held at the State Treasurer's Office and the DCA did not have any other investments during the year ended June 30, 2015. There is no custodial risk at the DCA's level since the DCA's investments are under the contract of the Office of the State Treasurer.

For further information regarding the GFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

**State General Fund Investment Pool**

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

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

1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfil those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;

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**NOTE 3 – CASH ACCOUNTS AND INVESTMENT POLICY (CONTINUED)**

**State General Fund Investment Pool (Continued)**

2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

As part of DCA’s cash controls, all incoming funds and outgoing disbursements are tracked to ensure transactions are properly entered into SHARE and post to the general ledger. Additionally, at year-end DCA performs a cash analysis on all funds to ensure the activity affecting the cash accounts properly reflect the ending balances at year-end. DCA also does not issue third party disbursements that may materially affect DCA’s financial statements.

**NOTE 4 – CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2015 is as follows:

	<b>Balance 6/30/2014</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance 6/30/2015</b>
Land	\$ 5,801,746	-	-	5,801,746
Construction in Progress	155,474	940,441	(13,474)	1,082,441
Total Non-Depreciable Assets	<u>5,957,220</u>	<u>940,441</u>	<u>(13,474)</u>	<u>6,884,187</u>
Buildings & Improvements	153,581,455	838,951	13,474	154,433,880
Furniture and Fixtures	2,368,971	-	-	2,368,971
Information Technology	814,053	181,758	-	995,811
Land Improvements	930,798	6,316	-	937,114
Libraries & Museums	970,342	-	-	970,342
Livestock	5,000	-	-	5,000
Machinery and Equipment	7,926,317	183,882	-	8,110,199
Vehicles	1,044,404	-	-	1,044,404
Total Depreciable Assets	<u>167,641,340</u>	<u>1,210,907</u>	<u>13,474</u>	<u>168,865,721</u>
Accumulated depreciation:				
Building & Improvements	(59,148,873)	(5,064,908)	-	(64,213,781)
Furniture and Fixtures	(2,225,851)	(50,428)	-	(2,276,279)
Information Technology	(553,656)	(129,204)	-	(682,860)
Land Improvements	(41,272)	(31,191)	-	(72,463)
Libraries & Museums	(623,203)	(88,568)	-	(711,771)
Livestock	(5,000)	-	-	(5,000)
Machinery and Equipment	(6,109,624)	(608,179)	-	(6,717,803)
Vehicles	(1,013,672)	(6,843)	-	(1,020,515)
Total Accumulated Depreciation	<u>(69,721,151)</u>	<u>(5,979,321)</u>	<u>-</u>	<u>(75,700,472)</u>
Total Capital Assets, Net	<u>\$ 103,877,409</u>	<u>(3,827,973)</u>	<u>-</u>	<u>100,049,436</u>



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**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

Business-Type capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2015</u>
Information Technology	\$ 454,561	-	-	454,561
Machinery and Equipment	31,950	-	-	31,950
Buildings and Improvements	14,605	-	-	14,605
Total Depreciable Assets	<u>501,116</u>	<u>-</u>	<u>-</u>	<u>501,116</u>
Accumulated depreciation:				
Information Technology	(1,322)	(151,520)	-	(152,842)
Machinery and Equipment	(89)	(6,390)	-	(6,479)
Buildings and Improvements	-	(487)	-	(487)
Total Accumulated Depreciation	<u>(1,411)</u>	<u>(158,397)</u>	<u>-</u>	<u>(159,808)</u>
Total Capital Assets, Net	<u>\$ 499,705</u>	<u>(158,397)</u>	<u>-</u>	<u>341,308</u>

Depreciation expense for fiscal year 2015 is was charged to the following functions:

Government Activities	
Arts	\$ 3,262
Museum services	5,693,159
Preservation & library	259,957
Program support	<u>22,943</u>
Total	<u>\$ 5,979,321</u>
Business-Type Activities	
Enterprise Fund 53000	<u>\$ 158,397</u>

In accordance with GASB Statement No. 34 Paragraph 27, *Reporting Works of Art and Historical Treasures*, DCA is not required to capitalize works of art, historical treasures and similar assets if the collection is:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain
- Protected, kept unencumbered, cared for, and preserved
- Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections
- 

DCA has evaluated all collections and have made a determination that all collections meet the above criteria and, as such, were not capitalized at June 30, 2015. Major department facilities with substantial art and collection items include the: Museum of Art, Museum of International Folk Art, Museum of Indian Arts and Culture, History Museum/Palace of the Governors, Space History Museum, Farm and Ranch Heritage Museum, National Hispanic Cultural Center and the Museum of Natural History and Science.

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**NOTE 5 – COMPENSATED ABSENCES PAYABLE**

Qualified employees are entitled to accumulate annual leave as follows: a maximum of 240 hours of such accumulated annual leave may be carried forward into the beginning of the calendar year, and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Qualified employees are entitled to accumulate sick leave at the rate of 3.69 hours per pay period. Employees who have accumulated 600 hours of unused sick leave are entitled to be paid for additional unused sick leave at a rate equal to 50 percent of their hourly rate of pay for up to 120 hours of sick leave. Payment for unused sick leave may be made only once per fiscal year on either the payday immediately following the first full pay period in January or the first full pay period in July. Immediately prior to retirement from the service, employees who have accumulated 600 hours of unused sick leave are entitled to be paid for additional unused sick leave at a rate equal to 50 percent of their hourly rate for up to 400 hours of sick leave.

All sick leave balances from 600 to 1,000 hours have been recorded at 50 percent of the employee’s current hourly rate, including those amounts paid in July of the subsequent fiscal year, because no expendable financial resources are available as of the balance sheet date to liquidate the liability. No accrual has been made for sick leave balance below 600 hours or above 1,000 hours.

A summary of changes in compensated absences payable for the year ended June 30 for government type activities is as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Current</u> <u>Portion</u>
Compensated Absences	\$ 987,903	1,762,682	(1,653,413)	1,097,172	1,097,172

All of the compensated absences balance has been paid by the General Fund in prior years.

**NOTE 6 – GASB 68-FINANCIAL REPORTING AND DISCLOSURE FOR MULTIPLE-EMPLOYER COST SHARING PENSION PLANS BY EMPLOYERS**

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico (the State) has implemented the standard for the fiscal year ending June 30, 2015. DCA, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, Total pension liability exceeds Plan net position resulting in a Net pension liability. The State has determined the State’s share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required

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**NOTE 6 – GASB 68-FINANCIAL REPORTING AND DISCLOSURE FOR MULTIPLE-EMPLOYER COST SHARING PENSION PLANS BY EMPLOYERS (CONTINUED)**

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

**NOTE 7 – POST-EMPLOYMENT BENEFITS –STATE RETIREE HEALTH CARE PLAN**

**Plan Description**

The DCA 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).

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**NOTE 7 – POST-EMPLOYMENT BENEFITS –STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes 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 RHCA.

The DCA's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$375,516, \$342,536, and \$336,662, respectively, which equal the required contributions for each year.

**NOTE 8 – CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)**

DCA, as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

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**NOTE 9 – DUE FROM AND DUE TO OTHER STATE AGENCIES**

The following amounts are due to/from other state agencies:

<b>Fund No.</b>	<b>Due from DCA Fund</b>	<b>Due to State Agency</b>		<b>Total</b>
		<b>33300</b> NM Taxation & Revenue	<b>10590</b> NM Finance & Administration	
19300	General Operating	\$ 12,699	-	12,699
26300	Capital Projects, Laws 2007	-	101,130	101,130
	<b>Total</b>	<b>\$ 12,699</b>	<b>101,130</b>	<b>113,829</b>

<b>Agency No.</b>	<b>Due from State Agency</b>	<b>Due to DCA Fund No.</b>				<b>Total</b>
		<b>19300</b> General Operating Fund	<b>69100</b> NMFA Projects Fund	<b>89200</b> Capital Projects Laws 10, 11, 12	<b>25600</b> Museum Collections Fund	
10590	NM Finance & Administration	\$ -	-	806,516	-	806,516
33300	NM Taxation and Revenue	2,525	67,191	-	-	69,716
39400	State Treasurer's Office	-	-	-	10	10
52100	Energy, Minerals, and Resources Department	12,830	-	-	-	12,830
80500	Department of Transportation	575,140	-	-	-	575,140
	<b>Total</b>	<b>\$ 590,495</b>	<b>67,191</b>	<b>806,516</b>	<b>10</b>	<b>1,464,212</b>

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**NOTE 10 – DUE FROM/DUE TO OTHER FUNDS AND OPERATING TRANSFERS**

The interfund *Due from Other Funds* receivable and *Due to Other Funds* payable reported in the governmental funds balance sheet consists of the following:

<u>Fund No.</u>	<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
19300	General Operating Fund	\$ 137,141	443,368
19400	15% Museum Admission Fund	443,368	-
89200	Capital Projects Laws 10, 11, 12	-	137,141
		<u>\$ 580,509</u>	<u>580,509</u>

There were no operating transfers during the fiscal year ended June 30, 2015.

**NOTE 11. OTHER RECEIVABLES**

Other receivables not due from state or federal sources as of June 30, 2015 consisted of the following.

	<u>19300</u>
	General Operating Fund
Receivables:	
Charges for services	\$ 358,225
Allowance for doubtful accounts	-
Total receivables	<u>\$ 358,225</u>

**NOTE 12. REVOLVING LOAN FUND**

Revolving funds appropriated or transferred to DCA are described as follows:

The Revolving Loan Fund of the State of New Mexico Department is used to account for funds of the Revolving Loan Fund of the Department of Cultural Affairs. The fund was administratively established.

Historic preservation loans are made by participation in such loans with financial institutions of the National Trust for Historic Preservation to the extent of 25% to 50% of the amounts loaned to the owners. Loan repayment periods may not exceed five years, must be payable in installments not less often than annually, with interest on the unpaid balance at a rate not greater than the yield, at the time of the loan approval, on U.S. Treasury bills with a maturity of 365 days, plus 3.5%. Loans must be collateralized.

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**NOTE 12. REVOLVING LOAN FUND (CONTINUED)**

The Main Street Revolving Loan Fund is created in the state treasury fund and consists of appropriations, loans, gifts, grants, donations and bequests made to the fund. Money in the fund is appropriated to the committee for the purpose of making revolving loans pursuant to the provisions of Main Street Revolving Loan Act. Income from the fund should be credited to the fund, and money in the fund should not revert at the end of the year. It is considered an agency fund.

**NOTE 13. CAPITAL PROJECTS LIFE TO DATE ACTIVITY**

Details of capital projects financed by special appropriations are shown in a supplementary schedule. Details of capital projects financed by severance tax bonds are show in another supplementary schedule. These schedules show life to date budgetary data (appropriations and actual expenditures).

The Laws of 1986, Chapter 11, Art in Public Places Act, requires that certain agencies allocate one percent or \$200,000, whichever is less, of a public building's construction cost, or of any renovation exceeding \$100,000, to be expended for the acquisition and the installation of works of art for the new building to be constructed or the building in which the major renovation is to occur (corrections facilities are not entitled to receive any benefit from the one percent assessment). The funds for art are to be allocated to and expended by DCA.

**NOTE 14. AFFILIATED FOUNDATIONS**

The museums of DCA are affiliated with foundations organized principally for the purpose of promoting and supporting educational and scientific programs of the museums. This commitment by the foundations, which are constituted under the tax exempt provisions of Internal Revenue Code Sec 501(c)(3), may also arise from operating agreements with the foundations.

For the most part, the expenses of the foundations are to third parties; however, direct payments are received by DCA for shop, restaurant, office and similar facilities operated or occupied by the foundations and for the reimbursement of salaries and fringe benefits of museum personnel for their participation, periodically, in various programs underwritten by the foundations.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

DCA receives funds from federal and state agencies and re-grants certain portions of these funds to sub-grantees. These funds are subject to audit and adjustment by the granting agencies. Any disallowed amounts resulting from the audits would be required to be refunded. DCA believes that the amounts, if any, that would be refunded by it would not have a material effect on the DCA's financial position at June 30, 2015.

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**NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

DCA has entered into various leases for land, office equipment and office space as of June 30, 2015. All lease agreements can be cancelled if the budgeted lease payments are not approved.

DCA is involved in several pending legal matters related to employment and injury claims. The risk of loss in most of these cases is deemed to be “slight to moderate” by the Department’s counsel and management, and the potential loss would not materially affect the financial statements.

**NOTE 16. OPERATING LEASES**

The reporting entity entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 174,330
2017	152,999
2018	79,103
2019	48,941
2020	<u>18,308</u>
Total	<u>\$ 473,681</u>

**NOTE 17. LONG-TERM DEBT**

At June 30, 2015, long-term debt consisted of the following:

**State Museum Tax Revenue Bonds.** Bonds issued by the New Mexico Finance Authority (NMFA), original amount (\$5,760,000), payable from the State Building Bonding Fund, for the purpose of renovating and maintaining current structures and developing permanent exhibits at state museums and monuments, such as a fire suppression system at the New Mexico Museum of Space History in Alamogordo, repairs to the New Mexico Museum of Natural History and Science in Albuquerque, repairs to state monuments, repairs to the Museum of International Folk Art in Santa Fe, repairs at the Museum of Indian Arts and Culture in Santa Fe, repairs to the Museum of Fine Arts in Santa Fe, repairs to the Palace of Governors in Santa Fe, erosion control at the New Mexico Farm and Ranch Heritage Museum in Las Cruces, exhibition development at the Camino Real International Heritage Center in Socorro County, exhibition development at the New Mexico Farm and Ranch Heritage Museum in Doña Ana County, and exhibition development at the New Mexico Museum of Natural History and Sciences in Albuquerque. The interest rate ranges from .62% the first year up to 4.18% in 2023, the year of maturity. There is a .25% semi-annual administration fee as well.



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**NOTE 17. LONG-TERM DEBT (CONTINUED)**

**Public Project Revolving Fund Loan.** Loan issued by the NMFA, original amount (\$2,350,000), to the Department of Cultural Affairs in order to design, remodel, renovate, rehabilitate or improve state museums and monuments. The loan is secured by a pledge of governmental gross receipts revenue, which is one percent of the GRT. Any GRT revenue distributed to the Department remaining after the payment of debt service may be used by the Department for museum capital improvement projects. The interest rate ranges from .62% the first year up to 4.18% in 2023, the year of maturity. There is a .25% semi-annual administration fee as well.

**Energy Efficiency Assessment Revolving Fund Loan.** Loan issued by the NMFA, original amount (\$368,780), to the Department of Cultural Affairs in order to install energy efficiency measures in certain State buildings (Museum of Natural History, Museum of Space History, and the New Mexico Museum of Fine Arts). During fiscal year 2014, the New Mexico Department of Energy and Minerals and Natural Resources Department certified that DCA met the required efficiency and, as such, DCA was required to re-pay the debt initially paid through pledged governmental gross receipts tax revenues. The initial loan had a balance due of \$214,490 at June 30, 2014 and will continue to be paid down by governmental gross receipts tax. The loan repayable to NMFA requires annual principal and interest to be paid in the amount of \$43,822 due each June 30<sup>th</sup>. The loan retains the same interest rates as the original note which ranges from 3.43% the first year up to 5.74% in 2024, the year of maturity.

During the fiscal year ended June 30, 2015, the following changes occurred in long-term debt:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
State Museum Tax Revenue Bonds	\$ 3,407,711	-	(319,199)	3,088,512	331,349
Public Project Revolving Fund Loan	1,249,239	-	(118,227)	1,131,012	122,553
Energy Efficiency Revolving Fund Loan	332,173	-	(36,607)	295,566	36,607
Total long term debt	\$ <u>4,989,123</u>	<u>-</u>	<u>(474,033)</u>	<u>4,515,090</u>	<u>490,509</u>

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**NOTE 17. LONG-TERM DEBT (CONTINUED)**

DCA's principal and interest requirements to retire the long-term obligations are as follows:

**State Museum Tax Revenue Bonds**

<u>Year ended June 30,</u>		<u>Principal</u>	<u>Interest</u>
2016	\$	331,349	127,777
2017		344,038	115,119
2018		357,627	101,564
2019		372,111	87,116
2020		387,556	71,711
2021-2023		1,295,831	112,790
Total	\$	<u>3,088,512</u>	<u>616,077</u>

**Public Project Revolving Fund Loan**

<u>Year ended June 30,</u>		<u>Principal</u>	<u>Interest</u>
2016	\$	122,553	47,260
2017		127,246	42,578
2018		132,272	37,565
2019		137,629	32,221
2020		143,341	26,523
2021-2023		467,971	41,717
Total	\$	<u>1,131,012</u>	<u>227,864</u>

**Energy Efficiency Revolving Fund Loan**

<u>Year ended June 30,</u>		<u>Principal</u>	<u>Interest</u>
2016	\$	36,607	7,215
2017		36,607	7,215
2018		36,607	7,215
2019		36,607	7,215
2020		36,607	7,215
2021-2024		112,531	21,645
Total	\$	<u>295,566</u>	<u>57,720</u>

Restricted cash at June 30, 2015 in the amount of \$660,405, held in the NMFA Projects Fund 69100, represents debt reserves held with the New Mexico Finance Authority and is restricted for that purpose.

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**NOTE 18. DUE TO STATE GENERAL FUND (REVERSIONS)**

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

<u>Governmental Fund Description</u>	<u>Fund</u>	<u>Reversion</u>	<u>Balance Due State General Fund</u>
General Operating Fund	19300	\$ -	*38,225
Arts in Public Places Fund	69800	-	*14,685
<b>Total</b>		<b>\$ -</b>	<b>52,910</b>

\* Stale dated warrants

**NOTE 19. FUND BALANCE**

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, DCA classifies governmental fund balances as follows:

- Non-spendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact;
- Restricted - includes balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments;
- Committed - includes balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches;
- Assigned - includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed; and
- Unassigned - includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available for use, it is DCA's policy to use restricted resources first and then unrestricted resources. Any residual balances are classified using the default policy for unrestricted fund balance: committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 19. FUND BALANCE (CONTINUED)**

A summary of the nature and purpose of these reserves by fund type at June 30, 2015, is included in the table below.

<u>Fund/Program</u>	<u>Laws</u>	<u>Restricted</u>	<u>Unassigned</u>
<b>General Fund:</b>			
DCA General Operating Fund		\$ -	(315,158)
<b>Total General Operating Fund:</b>		<u>-</u>	<u>(315,158)</u>
<b>Capital Improvement Projects:</b>			
Capital Projects Funds, Laws 2007, 2008, & 2009 Fund	Laws of 2007, Chapter 2 Sect 5 & Chapter 43, Sect 9 and 41; Laws of 2008, Chapter 6 Sect 16 & Chapter 92 Sect 7 and 37; Laws of 2009, Chapter 7, Sect 3 & Chapter 125, Sect 9	-	-
Capital Projects Funds, Laws 2009, 2010 & 2011 Fund	Laws of 2009, Chapter 7 Sect 3; Laws of 2010, Chapter 4 Sect 5; Chapter 5 Sect 6	188	-
Art in Public Places Fund	Laws of 1986 Chapter 11	<u>1,496,616</u>	-
<b>Total Capital Projects:</b>		<u>1,496,804</u>	<u>-</u>
<b>Special Revenue:</b>			
15% Museum Admissions Fund	Laws of 2005, Chapter 277	1,796,856	-
Museum Collections Fund	Laws of 2005, Chapter 121	138,428	-
Rural Libraries Development Fund	Laws of 2007, Chapter 83	<u>900</u>	-
<b>Total Special Revenue:</b>		<u>1,936,184</u>	<u>-</u>
<b>Debt Service:</b>			
NMFA Projects Fund	Laws of 2003, Chapter 430	<u>1,591,849</u>	-
<b>Total Debt Service:</b>		<u>1,591,849</u>	<u>-</u>
<b>Total Fund Balance</b>		<u>\$ 5,024,837</u>	<u>(315,158)</u>

\$297,010 in non-spendable fund balance within the general operating fund is a result of inventory held in that fund at June 30, 2015.

**NOTE 20. CONCENTRATION**

The DCA depends on financial resources flowing from, or associated with, the Federal Government. Because of this dependency, the DCA is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal laws and Federal appropriations.

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 21. RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2012, the GASB issued Statement No.68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Agency provides substantially all of its employees with pension benefits through the State’s multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the State, to record their proportionate share, as defined in GASB Statement 68, of the State’s unfunded pension liability. The Agency has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The State of New Mexico adopted GASB Statement No. 68 at the state-wide level during fiscal year 2015. Information regarding PERA’s current funding status can be found in their financial report.

In January 2013, the GASB issued statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The Agency was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the Agency’s financial statements.

In November 2013, the GASB issued statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 21. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The State of New Mexico adopted GASB Statement No.71 at the state-wide level during fiscal year 2015.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Agency adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the Agency's financial statements.

**NOTE 22. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

GASB Statement No. 72, *Fair Value Measurement and Application*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

The Agency will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Agency believes that the above listed new GASB pronouncements will not have a significant financial impact to the Agency or in issuing its financial statements.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

	Special Revenue Funds		
	<b>25600</b>	<b>59100</b>	<b>89000</b>
	Museum Collections Fund	Rural Libraries Development	ARRA 2009
<b>ASSETS</b>			
Interest in state treasurer general fund investment pool	\$ 138,418	900	-
Other receivables, net	-	-	-
Due from federal governments	-	-	-
Due from other state agencies	10	-	-
Due from local governments	-	-	-
Due from other funds	-	-	-
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 138,428</b>	<b>900</b>	<b>-</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	-	-
Accrued payroll	-	-	-
Due to other state agencies	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	138,428	900	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>138,428</b>	<b>900</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 138,428</b>	<b>900</b>	<b>-</b>



Capital Projects Funds		
<b>26300</b>	<b>47800</b>	Total
Capital Projects, Laws 2007	Capital Projects, Laws 2010	Non-Major Governmental Funds
101,130	-	240,448
-	-	-
-	-	-
-	-	10
-	-	-
-	-	-
-	-	-
<b>101,130</b>	-	<b>240,458</b>
-	-	-
-	-	-
101,130	-	101,130
-	-	-
<b>101,130</b>	-	<b>101,130</b>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	139,328
-	-	-
-	-	-
-	-	-
-	-	139,328
<b>101,130</b>	-	<b>240,458</b>

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	Special Revenue Funds		
	25600 Museum Collections Fund	59100 Rural Libraries Development	89000 ARRA 2009
Revenues			
Grants from other governments	\$ -	-	-
Interest revenue	117	-	-
Other state funds	-	-	-
Federal grants and contracts	-	-	-
Private gifts and grants	-	-	-
Miscellaneous	29,043	-	-
<b>Total revenues</b>	<b>29,160</b>	<b>-</b>	<b>-</b>
Expenditures			
Personnel services and employee benefits	-	-	-
Maintenance and repairs	-	-	-
Supplies	-	-	-
Contractual services	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	29,160	-	-
Other Financing Sources (Uses)			
Transfers - Revisions to State General Fund	-	-	-
Transfer of bond proceed appropriations	-	-	-
Transfers, in	-	-	-
Transfers, out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>29,160</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	109,268	900	-
<b>Fund balances, end of year</b>	<b>\$ 138,428</b>	<b>900</b>	<b>-</b>

Capital Projects Fund			
<b>26300</b>	<b>47800</b>		Total
Capital	Capital		Non-Major
Projects,	Projects,		Governmental
Laws 2007	Laws 2010		Funds
-	-		-
-	-		117
-	-		-
-	-		-
-	-		-
-	-		29,043
<hr/>			
-	-		29,160
<hr/>			
-	-		-
-	-		-
-	-		-
-	-		-
14,016	-		14,016
-	-		-
-	-		-
-	-		-
<hr/>			
14,016	-		14,016
<hr/>			
(14,016)	-		15,144
<hr/>			
-	-		-
-	-		-
-	-		-
-	-		-
<hr/>			
-	-		-
(14,016)	-		15,144
<hr/>			
14,016	-		124,184
<hr/>			
-	-		139,328
<hr/> <hr/>			

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED GENERAL FUND - MUSEUM AND HISTORIC SITES (P536)  
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 19,930,200	20,141,332	19,528,388	(612,944)
Intra-state Transfers	108,000	108,000	-	(108,000)
Federal Grants	123,000	123,000	62,553	(60,447)
Earned Revenues	3,995,000	3,999,468	4,173,143	173,675
Private Gifts and Grants	-	-	-	-
Miscellaneous	7,500	15,000	-	(15,000)
<b>Total Revenue</b>	<u>24,163,700</u>	<u>24,386,800</u>	<u>23,764,084</u>	<u>(622,716)</u>
Prior Year Cash Budgeted	<u>1,142,800</u>	<u>1,548,700</u>		
Total Budget Revenues	25,306,500	25,935,500		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	18,279,100	18,173,200	18,167,985	5,215
Contractual Services	1,182,900	1,297,100	1,100,613	196,487
Other Operating Costs	5,844,500	6,465,200	6,150,662	314,538
<b>Total Expenditures</b>	<u>25,306,500</u>	<u>25,935,500</u>	<u>25,419,260</u>	<u>516,240</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,655,176)</u>	<u>(106,476)</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED GENERAL FUND - PRESERVATION (P537)  
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 661,100	961,100	661,102	(299,998)
Intra-state Transfers	-	-	5,000	5,000
Federal Grants	2,156,500	2,156,500	1,383,179	(773,321)
Earned Revenues	3,412,000	3,412,000	1,744,740	(1,667,260)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>6,229,600</u>	<u>6,529,600</u>	<u>3,794,021</u>	<u>(2,735,579)</u>
Prior Year Cash Budgeted	<u>90,300</u>	<u>-</u>		
Total Budget Revenues	<u>6,319,900</u>	<u>6,529,600</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	3,753,400	3,963,100	3,108,356	854,744
Contractual Services	1,443,000	1,123,000	205,668	917,332
Other Operating Costs	<u>1,123,500</u>	<u>1,443,500</u>	<u>762,198</u>	<u>681,302</u>
<b>Total Expenditures</b>	<u>6,319,900</u>	<u>6,529,600</u>	<u>4,076,222</u>	<u>2,453,378</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(282,201)</u>	<u>(282,201)</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED GENERAL FUND - LIBRARY SERVICES (P539)  
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 4,307,300	4,104,000	4,307,320	203,320
Intra-state Transfers	-	-	-	-
Federal Grants	1,373,200	1,616,900	1,369,551	(247,349)
Earned Revenues	35,000	35,000	42,771	7,771
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>5,715,500</u>	<u>5,755,900</u>	<u>5,719,642</u>	<u>(36,258)</u>
Prior Year Cash Budgeted	<u>152,100</u>	<u>152,100</u>		
Total Budget Revenues	<u>5,867,600</u>	<u>5,908,000</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	2,807,300	2,371,200	2,350,011	21,189
Contractual Services	1,116,800	1,133,250	1,060,217	73,033
Other Operating Costs	<u>1,943,500</u>	<u>2,403,550</u>	<u>2,199,067</u>	<u>204,483</u>
<b>Total Expenditures</b>	<u>5,867,600</u>	<u>5,908,000</u>	<u>5,609,295</u>	<u>298,705</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>110,347</u>	<u>262,447</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED GENERAL FUND - PROGRAM SUPPORT (P540)  
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 4,042,000	3,925,000	4,042,903	117,903
Intra-state Transfers	-	-	-	-
Federal Grants	-	-	-	-
Earned Revenues	51,700	51,700	36,045	(15,655)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>4,093,700</u>	<u>3,976,700</u>	<u>4,078,948</u>	<u>102,248</u>
Prior Year Cash Budgeted	<u>310,500</u>	<u>310,500</u>		
Total Budget Revenues	4,404,200	4,287,200		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	3,988,200	3,746,200	3,743,332	2,868
Contractual Services	170,800	245,800	183,331	62,469
Other Operating Costs	245,200	295,200	274,113	21,087
<b>Total Expenditures</b>	<u>4,404,200</u>	<u>4,287,200</u>	<u>4,200,776</u>	<u>86,424</u>
Excess (Deficiency) of revenues over expenditures	-	-	(121,828)	188,672
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
COMBINED GENERAL FUND - NEW MEXICO ARTS (P761)  
For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 1,432,700	1,332,700	1,432,687	99,987
Intra-state Transfers	-	-	-	-
Federal Grants	573,600	805,593	568,572	(237,021)
Earned Revenues	-	-	20	20
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>2,006,300</u>	<u>2,138,293</u>	<u>2,001,279</u>	<u>(137,014)</u>
Prior Year Cash Budgeted	<u>63,600</u>	<u>-</u>		
Total Budget Revenues	<u>2,069,900</u>	<u>2,138,293</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	918,000	694,400	689,256	5,144
Contractual Services	987,600	1,229,593	1,053,741	175,852
Other Operating Costs	<u>164,300</u>	<u>214,300</u>	<u>171,350</u>	<u>42,950</u>
<b>Total Expenditures</b>	<u>2,069,900</u>	<u>2,138,293</u>	<u>1,914,347</u>	<u>223,946</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>86,932</u>	<u>86,932</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		



STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
SPECIAL APPROPRIATION  
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 450,000	450,000	150,000	(300,000)
Intra-state Transfers	100,000	100,000	100,000	-
Federal Grants	-	-	-	-
Earned Revenues	-	-	-	-
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>550,000</u>	<u>550,000</u>	<u>250,000</u>	<u>(300,000)</u>
Prior Year Cash Budgeted	<u>500,000</u>	<u>500,000</u>		
Total Budget Revenues	1,050,000	1,050,000		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	50,000	50,000	90,000	(40,000)
Contractual Services	500,000	500,000	212,223	287,777
Other Operating Costs	<u>500,000</u>	<u>500,000</u>	<u>693,284</u>	<u>(193,284)</u>
<b>Total Expenditures</b>	<u>1,050,000</u>	<u>1,050,000</u>	<u>995,507</u>	<u>54,493</u>
Excess (Deficiency) of revenues over expenditures	-	-	<u>(745,507)</u>	<u>(245,507)</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 47800 - CAPITAL PROJECTS, LAWS OF 2010  
For The Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Accrual Amounts (Budgetary Basis)</u>	<u>FY 15 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 3,000,000	3,012,052	3,002,353	-	(9,699)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>3,000,000</u>	<u>3,012,052</u>	<u>3,002,353</u>	<u>-</u>	<u>(9,699)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	-	12,052	6,565	-	5,487
Other Operating Costs	3,000,000	3,000,000	2,995,788	-	4,212
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>3,000,000</u>	<u>3,012,052</u>	<u>3,002,353</u>	<u>-</u>	<u>9,699</u>
Excess (Deficiency) of revenues over (Under expenditures)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 69100 - CAPITAL PROJECTS, LAWS OF 2003  
For The Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Accrual Amounts (Budgetary Basis)</u>	<u>FY 15 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 4,686,038	4,686,038	4,519,494	834,929	(166,544)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>4,686,038</u>	<u>4,686,038</u>	<u>4,519,494</u>	<u>834,929</u>	<u>(166,544)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	309,637	309,637	67,095	47,907	242,542
Other Operating Costs	4,376,401	4,376,401	4,583,002	917,625	(206,601)
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>4,686,038</u>	<u>4,686,038</u>	<u>4,650,097</u>	<u>965,532</u>	<u>35,941</u>
Excess (Deficiency) of revenues over (Under expenditures)	<u>\$ -</u>	<u>-</u>	<u>(130,603)</u>	<u>(130,603)</u>	<u>(130,603)</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 69800 - 1% ART IN PUBLIC PLACES  
For The Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Accrual Amounts (Budgetary Basis)</u>	<u>FY 15 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 15,568,683	15,568,683	7,934,177	-	(7,634,506)
Other state funds	-	-	-	20,000	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>15,568,683</u>	<u>15,568,683</u>	<u>7,934,177</u>	<u>20,000</u>	<u>(7,634,506)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	6,254,595	6,254,595	3,907,991	694,425	2,346,604
Other Operating Costs	9,314,088	9,314,088	4,026,186	247,300	5,287,902
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>15,568,683</u>	<u>15,568,683</u>	<u>7,934,177</u>	<u>941,725</u>	<u>7,634,506</u>
Excess (Deficiency) of revenues over (Under expenditures)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(921,725)</u>	<u>-</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 89200 - CAPITAL PROJECTS, LAWS OF 2010, 2011, 2012, 2013  
For The Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Accrual Amounts (Budgetary Basis)</u>	<u>FY 15 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 24,418,924	24,418,924	10,095,510	3,692,814	(14,323,414)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>24,418,924</u>	<u>24,418,924</u>	<u>10,095,510</u>	<u>3,692,814</u>	<u>(14,323,414)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	1,948,695	1,948,695	397,631	52,368	1,551,064
Other Operating Costs	22,470,229	22,470,229	9,697,879	3,640,446	12,772,350
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>24,418,924</u>	<u>24,418,924</u>	<u>10,095,510</u>	<u>3,692,814</u>	<u>14,323,414</u>
Excess (Deficiency) of revenues over (Under expenditures)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FUND 25600 - MUSEUM COLLECTIONS FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Service Fees	\$ -	-	-	-
Severance tax bond proceeds	480,500	480,500	-	(480,500)
Interest	-	-	117	117
Earned Revenues	-	-	29,043	29,043
Other financing sources	-	-	-	-
<b>Total Revenue</b>	<u>480,500</u>	<u>480,500</u>	<u>29,160</u>	<u>(451,340)</u>
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other Operating Costs	480,500	480,500	-	480,500
<b>Total Expenditures</b>	<u>480,500</u>	<u>480,500</u>	<u>-</u>	<u>480,500</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>29,160</u>	<u>29,160</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 26300 - CAPITAL PROJECTS  
For The Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Budgeted Amounts</u>	<u>Life-to-Date Accrual Amounts (Budgetary Basis)</u>	<u>FY 15 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 38,482,941	38,482,941	37,870,433	-	(612,508)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>38,482,941</u>	<u>38,482,941</u>	<u>37,870,433</u>	<u>-</u>	<u>(612,508)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	3,337,655	3,337,655	3,091,177	-	246,478
Other Operating Costs	29,376,540	29,376,540	29,132,642	14,016	243,898
Capital outlay	5,768,746	5,768,746	5,646,614	-	122,132
<b>Total Expenditures</b>	<u>38,482,941</u>	<u>38,482,941</u>	<u>37,870,433</u>	<u>14,016</u>	<u>612,508</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(14,016)</u>	<u>-</u>

**OTHER SUPPLEMENTAL SCHEDULES**



STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF INTEREST IN STATE TREASURER  
GENERAL FUND INVESTMENT POOL  
As of June 30, 2015

Name of Depository	Account Name	Fund	Fund Type	Type of Account	Interest Bearing	Reconciled Balance at 6/30/2015
<b>General Fund</b>						
State Treasurer	General Operating Account	19300	General	State Treasurer	No	\$ 1,419,312
<b>Special Revenue Funds</b>						
State Treasurer	15% Museum Admission Funds	19400	Special Revenue	State Treasurer	No	1,439,610
State Treasurer	Museum Collections Fund	25600	Special Revenue	State Treasurer	No	138,418
State Treasurer	Rural Libraries Development	59100	Special Revenue	State Treasurer	No	900
State Treasurer	ARRA 2009	89000	Special Revenue	State Treasurer	No	-
						<u>1,578,928</u>
<b>Capital Projects Funds</b>						
State Treasurer	Capital Projects, Laws 2007	26300	Capital Projects	State Treasurer	No	101,130
State Treasurer	Capital Projects, Laws 2010	47800	Capital Projects	State Treasurer	No	-
State Treasurer	Arts in Public Places Fund	69800	Capital Projects	State Treasurer	No	1,575,583
State Treasurer	Capital Projects, Laws 10, 11, 12	89200	Capital Projects	State Treasurer	No	-
						<u>1,676,713</u>
<b>Debt Service Fund</b>						
State Treasurer	NMFA Projects Fund	69100	Debt Service	State Treasurer	No	<u>1,620,833</u>
<b>Total Governmental Funds</b>						<u>6,295,786</u>
<b>Enterprise Fund</b>						
State Treasurer	Enterprise Fund	53000	Enterprise	State Treasurer	No	<u>2,240,792</u>
<b>Fiduciary Funds</b>						
State Treasurer	Historic Preservation Revolving Agency	59300	Agency	State Treasurer	No	399,214
State Treasurer	Bartlett Trust Fund	61200	Trust	State Treasurer	Yes	143,042
State Treasurer	Main Street Revolving Loan Agency	20070	Agency	State Treasurer	No	66,408
<b>Total Fiduciary Funds</b>						<u>608,664</u>
<b>Total Interest in State Treasurer General Fund Investment Pool</b>						<u>\$ 9,145,242</u>

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF CAPITAL PROJECT FUNDS - SPECIAL APPROPRIATIONS, SEVERANCE TAX AND GENERAL OBLIGATION BONDS**  
**As of June 30, 2015**

<u>Open Projects/Appropriation Period</u>	<u>Appropriation ID</u>	<u>Original Appropriation</u>	<u>Expenditures to Date</u>	<u>Outstanding Encumbrances</u>	<u>Reversions</u>	<u>Reauthorized</u>	<u>Unencumbered Remaining Balance</u>
<b>Art in Public Places -</b>							
<b>Non-expiring, non-reverting</b>							
Art in Public Places	G0B07 466	1,221,450	591,909	-	-	-	629,541
Art in Public Places	G0B09 466	1,749,926	370,860	-	-	-	1,379,066
Art in Public Places	G0B11 466	36,120	-	-	-	-	36,120
Art in Public Places	G0B13 466	486,000	-	-	-	-	486,000
Art in Public Places	G0B15 466	1,212,123	-	-	-	-	1,212,123
Art in Public Places	STB08A-1 466	879,089	315,625	-	-	-	563,464
Art in Public Places	STB08SA 466	143,046	58,150	-	-	-	84,896
Art in Public Places	STB08SD 466	103,660	30,000	-	-	-	73,660
Art in Public Places	STB09A 466	155,341	58,240	-	-	-	97,101
Art in Public Places	STB09SA 466	69,589	60,000	-	-	-	9,589
Art in Public Places	STB09SC 466	190,000	-	-	-	-	190,000
Art in Public Places	STB09SD 466	52,429	5,000	-	-	-	47,429
Art in Public Places	STB10A 466	28,900	-	-	-	-	28,900
Art in Public Places	STB10SA 466	192,200	-	-	-	-	192,200
Art in Public Places	STB11A-1 466	135,000	-	-	-	-	135,000
Art in Public Places	STB12A 466	210,800	-	-	-	-	210,800
Art in Public Places	STB12SA 466	18,001	-	-	-	-	18,001
Art in Public Places	STB13A 466	395,870	-	-	-	-	395,870
Art in Public Places	STB13SA 466	17,298	-	-	-	-	17,298
Art in Public Places	STB13SD 466	24,739	-	-	-	-	24,739
Art in Public Places	STB14A	166,857	-	-	-	-	166,857
Art in Public Places	STB14SA	10,733	-	-	-	-	10,733
Art in Public Places	STB14SC	1,250	-	-	-	-	1,250
<b>Total</b>		7,500,422	1,489,784	-	-	-	6,010,638

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF CAPITAL PROJECT FUNDS - SPECIAL APPROPRIATIONS, SEVERANCE TAX AND GENERAL OBLIGATION BONDS  
As of June 30, 2015

Open Projects/Appropriation Period	Appropriation ID	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Reversions	Reauthorized	Unencumbered Remaining Balance
<b>General Obligation Bonds</b>							
<b>Laws of 2012, Chapter 54, Section 10/B/1</b>							
<b>Appropriation Period FY13-FY16</b>							
<b>Expire 06/30/2016</b>							
Statewide Tribal Library books, equipment, library resources acquisitions and capital improvements	A121232	700,000	233,201	464,798	-	-	2,001
Statewide Library books, equipment & library resources acquisitions	A121233	3,000,000	650,241	2,343,123	-	-	6,636
<b>Total</b>		<b>3,700,000</b>	<b>883,443</b>	<b>2,807,920</b>	<b>-</b>	<b>-</b>	<b>8,637</b>
<b>Laws of 2014, Chapter 65, Section 10/B/1a-1b</b>							
<b>Appropriation Period FY14-FY18</b>							
<b>Expire 06/30/2018</b>							
Statewide Non Tribal Library books, equipment & library resources acquisitions	A141289	3,000,000	8,102	2,980,890	-	-	11,008
Statewide Tribal Library books, equipment, library resources acquisitions and capital improvements	A141290	800,000	2,286	795,714	-	-	2,000
<b>Total</b>		<b>3,800,000</b>	<b>10,388</b>	<b>3,776,604</b>	<b>-</b>	<b>-</b>	<b>13,008</b>
<b>Total General Obligations Bonds</b>		<b>7,500,000</b>	<b>893,830</b>	<b>6,584,525</b>	<b>-</b>	<b>-</b>	<b>21,645</b>
<b>Severance Tax Bonds</b>							
<b>Laws of 2008, Ch. 92, Sec 7/4</b>							
<b>Appropriation Period FY08-FY16 *14*12</b>							
<b>Expire 06/30/2016</b>							
NHCC/Torreón Project including bldg.	A083030**	285,000	448,361	-	-	-	(163,361)
<b>Total</b>		<b>285,000</b>	<b>448,361</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163,361)</b>

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF CAPITAL PROJECT FUNDS - SPECIAL APPROPRIATIONS, SEVERANCE TAX AND GENERAL OBLIGATION BONDS**  
**As of June 30, 2015**

<u>Open Projects/Appropriation Period</u>	<u>Appropriation ID</u>	<u>Original Appropriation</u>	<u>Expenditures to Date</u>	<u>Outstanding Encumbrances</u>	<u>Reversions</u>	<u>Reauthorized</u>	<u>Unencumbered Remaining Balance</u>
<b>Laws of 2009, Ch. 125, Sec 9/2,3</b>							
<b>Appropriation Period FY09-FY15 *15*13</b>							
<b>Expire 06/30/2017</b>							
Bosque Redondo Memorial Exhibits	A093096	563,000	461,792	-	-	-	101,208
NMF&RH Exhibits & Tortugas Hall	A093097	1,800,000	1,522,443	1,446	-	-	276,111
<b>Total</b>		<b>2,363,000</b>	<b>1,984,234</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>377,320</b>
<b>Laws 2011, Ch. 5, Sec 6</b>							
<b>Appropriation Period FY12-FY16</b>							
<b>Expire 06/30/2016</b>							
DCA/Mus-Mon Statewide Renovations	A111291	1,000,000	1,000,000	-	-	-	-
<b>Total</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Laws of 2012, Ch. 64, Sec. 1</b>							
<b>Appropriation Period FY13-FY16</b>							
<b>Expire 06/30/2016</b>							
NHCC/Construct memorial on grounds	A121282	250,000	85,379	46,875	-	-	117,746
DCA/Mus-Mon Statewide Renovations	A121283	500,000	485,365	12,912	-	-	1,723
<b>Total</b>		<b>750,000</b>	<b>570,743</b>	<b>59,787</b>	<b>-</b>	<b>-</b>	<b>119,470</b>
<b>Laws of 2013, Ch. 226, Sec. 11/1,2,3,4</b>							
<b>Appropriation Period FY13-FY17</b>							
<b>Expire 06/30/2017</b>							
NM Museum of Space History Renovations	A131245	500,000	-	-	-	-	500,000
Santa Fe Childrens Museum Improvements	A131246	117,336	86,417	4,414	-	-	26,505
Cultural Facilities Complete & Equip	A131247	2,500,000	1,647,401	286,332	-	-	566,266
Museums & Monuments Critical Repairs SW	A131248	3,000,000	2,160,457	119,888	-	-	719,654
<b>Total</b>		<b>6,117,336</b>	<b>3,894,275</b>	<b>410,635</b>	<b>-</b>	<b>-</b>	<b>1,812,426</b>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF CAPITAL PROJECT FUNDS - SPECIAL APPROPRIATIONS, SEVERANCE TAX AND GENERAL OBLIGATION BONDS  
As of June 30, 2015

Open Projects/Appropriation Period	Appropriation ID	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Reversions	Reauthorized	Unencumbered Remaining Balance
<b>Laws of 2014, Ch. 66, Sec. 7/2,3,4</b>							
<b>Appropriation Period FY14-FY18</b>							
<b>Expire 06/30/2018</b>							
NHCC/Dividers	A141338	135,000	-	-	-	-	135,000
NHCC/Information and Welcome Center	A141339	564,000	-	-	-	-	564,000
CCA Center for Contemporary Arts Improvements	A141340	96,500	95,747	-	-	-	753
<b>Total</b>		795,500	95,747	-	-	-	699,753
<b>Total Severance Tax Bonds</b>		11,310,836	7,993,361	471,868	-	-	2,845,607

\*Reauthorizations

\*\* A083030 - \$163,361 was recouped through June 30, 2015.

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>Historic Preservation Revolving Fund (59300)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund				
Investment Pool	\$ 367,989	31,225	-	399,214
Loans receivable	75,816	-	(28,960)	46,856
	<hr/>			
Total Assets	\$ 443,805	31,225	(28,960)	446,070
	<hr/>			
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 443,805	31,225	(28,960)	446,070
	<hr/>			
Total Liabilities	\$ 443,805	31,225	(28,960)	446,070
	<hr/>			
<b>Main Street Revolving Loan Fund (20070)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund				
Investment Pool	\$ 66,408	50,000	(50,000)	66,408
	<hr/>			
Total Assets	\$ 66,408	50,000	(50,000)	66,408
	<hr/>			
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 66,408	-	(50,000)	16,408
Other liabilities	-	50,000	-	50,000
	<hr/>			
Total Liabilities	\$ 66,408	50,000	(50,000)	66,408
	<hr/>			

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS**  
**As of June 30, 2015**

<b>Participant with Department of Cultural Affairs</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to DCA - FY15</b>	<b>Audit Responsibility</b>	<b>Agency Reporting Revenue/Expense</b>
Albuquerque Public Schools	DCA/APS	Establishes role of APS and Museum of Natural History for operation of Sandia Mountain Natural History Center and programs for students and the public	8/31/2009	8/31/2014	N/A	\$ 210,912	DCA/APS	DCA/APS
Bureau of Land Management	DCA / BLM	Permian Basin Projects in New Mexico Agreement #L12AC20122	10/1/2012	9/30/2017	\$ 500,000	\$ 3,028	DCA / BLM	DCA HPD
Bureau of Land Management	DCA / BLM	New Mexico BLM-SHPO Joint Outreach, Education and Data Synthesis - New Mexico Site Watch Site Preservation Program Activities L11AC20140-0003-0000	6/15/2010	9/30/2015	\$ 94,000	\$ 22,478	DCA / BLM	DCA HPD
Bureau of Land Management	DCA/BLM	SITE WATCH Joint Outreach, Education and Data Synthesis L14AC00237	8/14/2014	9/30/2019	\$ 30,000	\$ -	DCA/BLM	DCA HPD
Bureau of Land Management	DCA/BLM	Cooperative Agreement L14AC00189	8/13/2014	9/30/2019	\$ 50,000	\$ 41,762	DCA/BLM	DCA HPD
Bureau of Reclamation	DCA / BOR	Annual Collections Maintenance Fees for BOR collections	4/12/2010	3/15/2015	\$ 133,016	\$ 27,663	DCA / BOR	DCA
Bureau of Reclamation	DCA / BOR	Automation and Management of Cultural Resource Information between the Bureau of Reclamation, Upper Colorado Region and the State of New Mexico (SHPO) R12AC40028	9/20/2012	9/30/2017	\$ 50,000	\$ 10,000	DCA / BOR	DCA HPD
City of Albuquerque-Explora	DCA / City of Abq	Shared of parking lot between properties	12/5/2000	indefinite	N/A	\$ -	DCA / City of Abq	DCA / MNMF
City of Santa Fe	DCA/Santa Fe	Develop youth passport program, Arts & Cultural Collaborative, Business/Arts Council	5/12/2015	6/30/2015	\$ 10,000	\$ 10,000	DCA/Santa Fe	DCA/Santa Fe
DCA Office of Archaeological Studies	DCA HPD / DCA OAS	Records Access Agreement NMCRIIS	9/18/2013	9/18/2016	\$ 3,000	\$ 1,000	DCA	DCA
DCA Office of Archaeological Studies	DCA HPD / NM Arts	Perform workshops for Native American Students.	10/1/2014	6/30/2015	\$ 1,796	\$ 1,796	DCA	DCA
Dickerson's Catering LLC	DCA / Dickerson's Catering	Lease of Museum space for development and management of catering concession	7/1/2014	6/30/2017	\$ 262,317	\$ 60,000	Dickerson's Catering	DCA / Dickerson's Catering
Friends of Coronado State Historic Site	DCA/Friends Group	General operating agreement	6/22/2003	Termination with either party with 60 days notice	N/A	N/A	N/A	N/A
Friends of the Bosque Redondo Memorial	DCA/Friends Group	General operating agreement between friends group and the Bosque Redondo Memorial at For Sumner	8/31/2002	Termination with either party with 60 days notice	N/A	N/A	Friends Group	Friends Group
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	General operating agreement between foundation and the Farm and Ranch Museum	5/22/2015	6/30/2020	N/A	N/A	Foundation	Foundation
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	The programmatic funds agreement sets guidelines for foundation financial support of the Farm and Ranch Museum	5/22/2015	6/30/2020	N/A	N/A	Foundation	Foundation
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	Operate a museum membership program.	5/22/2015	6/30/2020	N/A	N/A	Foundation	Foundation

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2015**

<b>Participant with Department of Cultural Affairs</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to DCA - FY15</b>	<b>Audit Responsibility</b>	<b>Agency Reporting Revenue/Expense</b>
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	Operate a theater seat sponsorship program.	11/2/2012	5/31/2015	N/A	N/A	Foundation	Foundation
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	Operate a brand brick sponsorship program	11/2/2012	5/31/2015	N/A	N/A	Foundation	Foundation
International Folk Art Foundation	DCA/Museum Foundation	General operating agreement between foundation and the International Folk Art Museum	12/8/1993	Termination by mutual consent	N/A	N/A	Foundation	Foundation
International Space Hall of Fame Foundation	DCA/Museum Foundation	General operating agreement between New Mexico Museum of Space History and foundation	11/6/2013	Termination by either party with notice	N/A	N/A	Foundation	Foundation
Jemez Pueblo	DCA/Jemez	Joint management plan for the Jemez Historic Site to include educational outreach programming.	7/19/2012	Termination by either party with notice	N/A	N/A	DCA/Jemez	DCA/Jemez
Jicarilla Apache Nation	DCA / Jicarilla Apache Nation Tribal Historic Preservation Office	MOA NMCRIIS-ARMS Data Base JATHPO-30APR14	4/30/2014	4/29/2017	\$ 7,500	\$ 1,500	DCA / Jicarilla Apache Nation Tribal Historic Preservation Office	DCA HPD
Museum of Natural History Foundation	DCA/Museum Foundation	Foundation operates the Museum Theatre; remits 50% of net income to DCA	6/30/2011	6/30/2021	N/A	\$ 15,825	DCA/Foundation	DCA/Foundation
Museum of Natural History Foundation	DCA/Museum Foundation	Foundation operates the Museum restaurant; remits 50% of net income to DCA	7/30/2011	6/30/2021	N/A	\$ 1,734	DCA/Foundation	DCA/Foundation
Museum of Natural History Foundation	DCA/Museum Foundation	General operating agreement between museum and foundation	3/28/2014	Termination by either party with notice	N/A	N/A	DCA/Foundation	DCA/Foundation
Museum of Natural History Foundation	DCA/Museum Foundation	Foundation operates the Museum store; remits 50% of net income to DCA	7/30/2011	6/30/2021	N/A	\$ 10,020	DCA/Foundation	DCA/Foundation
Museum of Natural History Foundation	DCA/Museum Foundation	Establishes guidelines for foundation and museum management of special events including events outside of normal museum hours	8/17/1999	Termination by either party with notice	N/A	N/A	DCA/Foundation	DCA/Foundation
Museum of Natural History Foundation	DCA/Museum Foundation	Establishes foundation as party to provide a museum membership program and conduct fundraising activities on museum property; establishes expectation for foundation financial support of museum related activities.	2/24/2010	6/30/2021	N/A	N/A	Foundation	Foundation
Museum of Natural History Foundation, Volunteer's Association, Friends of Paleontology	DCA/Museum Foundation	Establishes expectations for roles of parties in terms of museum volunteers	9/21/2014	9/30/2016	N/A	N/A	N/A	N/A
Museum of New Mexico Foundation and DCA, Museum of New Mexico, Museum Board of Regents	DCA/Museum Foundation	General operating agreement between the Museum of New Mexico Foundation and DCA, including the Museum of New Mexico and the Museum Board of Regents.	12/1/2006	None	DCA/Museum Foundation	N/A	DCA/Museum Foundation	DCA/Museum Foundation



**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS**  
**As of June 30, 2015**

<b>Participant with Department of Cultural Affairs</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to DCA - FY15</b>	<b>Audit Responsibility</b>	<b>Agency Reporting Revenue/Expense</b>
National Hispanic Cultural Center Foundation	DCA/Museum Foundation	General operating agreement between foundation and the National Hispanic Cultural Center	5/7/2015	Termination by mutual consent	N/A	N/A	Foundation	Foundation
National Park Service	DCA / NPS	FFY2013 Annual Grant #35-13-51938	10/1/2012	9/30/2014	\$ 748,502	\$ 319,810	DCA / NPS	DCA HPD
National Park Service	DCA / NPS	FFY2014 Annual Grant #35-14-121167 (#P14AF00181)	10/1/2013	9/30/2015	\$ 788,228	\$ 558,433	DCA / NPS	DCA HPD
National Park Service	DCA / NPS	FFY 2015 Annual Grant #35-15-13120 (#15AF00048)	10/1/2014	9/30/2016	\$ 788,228	\$ 157,580	DCA / NPS	DCA HPD
National Park Service CIVIL WAR BATTLEFIELD	DCA / NPS	Grant Agreement P14AP00104 - American Battlefield Protection Program's Land and Water Conservation Fund Civil War Battlefield Acquisition	5/5/2014	4/30/2015	\$ 22,300	\$ 15,605	DCA / NPS	DCA HPD
National Park Service Historic Preservation Fund - GRANTS TO UNDERREPRESENTED	DCA / NPS	Grant #P15AP00015 - FFY2014 HPF Grants to Underrepresented Communities Pueblo Legacy and Summits.	10/1/2014	9/30/2016	\$ 59,620	\$ -	DCA / NPS	DCA HPD
New Mexico Gas Company	DCA / NM Gas Co	NMCRIS-ARMS Data Base MOA #NMGASCO-1MAR12	3/1/2012	3/1/2015	\$ 3,000	\$ 1,000	DCA / New Mexico Gas	DCA HPD
New Mexico Highlands University	DCA/Highlands	Joint Media Arts Program	9/12/2014	6/30/2016	50,000 annually	\$ 50,000	DCA\NMHU	DCA\NMHU
New Mexico Music Commission Foundation	DCA/Music Commission	General operating agreement between DCA, the New Mexico Music Commission, and the Foundation.	5/7/2012	Termination with either party with 30 days notice	N/A	N/A	Foundation	Foundation
New Mexico State University	NMSU/DCA	Faculty member loan for acting director of Museum of History/Palace of Governors	5/15/2014	12/31/2014	\$ 73,402	\$ 58,500	NMSU/DCA	NMSU/DCA
New Mexico State University	NMSU/DCA	Property lease for de minimis amount; in return DCA constructed and operates Farm and Ranch Museum	1/1/1995	12/31/2025	\$ 30	\$ 1	NMSU/DCA	NMSU/DCA
NM Department of Tourism	DCA/Tourism	Printing of books owned by New Mexico Magazine by the Museum of New Mexico Press.	8/11/2014	Termination with 90 days notice	Dependent on book sales	\$ -	DCA/Tourism	DCA/Tourism
NM Department of Transportation	DCA / NMDOT	MOA #M01240 NMCRIS-ARMS Data Base	6/25/2013	6/30/2017	\$ 100,000	\$ 25,000	DCA / NMDOT	DCA / NMDOT
NM Department of Transportation	DCA / NMDOT	MOA #M01298	1/24/2014	6/30/2017	\$ 200,000	\$ 50,000	DCA / NMDOT	DCA / NMDOT
NM Energy Minerals and Natural Resources Department	DCA / EMNRD	JPA # 000...1612 between EMNRD and DCA/MNM/OAS to pay for all costs incurred under this agreement for archaeological services.	7/1/2004	Terms are contingent upon NM State Legislature and OSM appropriations	\$ 1,500,000	\$ 90,698	DCA / EMNRD	DCA / EMNRD
NM Energy, Minerals and Natural Resources Dept.	DCA/NMEMNRD	Governmental Services Agreement #15-521-0620-0002 NMCRIS-ARMS Data Base	7/1/2014	6/30/2018	\$ 26,000	\$ 6,500	DCA/NMEMNRD	DCA/NMEMNRD
NM Film Office	DCA/NMFO	Provide for film screenings at National Hispanic Cultural Center	3/11/2015	Termination with either party with 30 days notice	N/A	N/A	DCA/NMFO	DCA/NMFO
NM Game and Fish	DCA / NMG&F	NMCRIS-ARMS Data Base MOA #NMGF_1JUL13	7/1/2013	6/30/2016	\$ 9,000	\$ 3,000	DCA / NMG&F	DCA / NMG&F

**STATE OF NEW MEXICO**  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS**  
**As of June 30, 2015**

<b>Participant with Department of Cultural Affairs</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to DCA - FY15</b>	<b>Audit Responsibility</b>	<b>Agency Reporting Revenue/Expense</b>
NM Spaceport Authority	DCA / NM Spaceport Authority	To provide archaeological services including excavations, monitoring, lab analysis, report writing, production, education outreach and collections curation.	10/24/2010	After final inspection by NMSA & OAS. Final payment to OAS. Terminated in FY15.	\$ 1,200,000	\$ -	DCA / NM Spaceport Authority	DCA OAS
NM Spaceport Authority	Spaceport/DCA	Space History Museum serves as repository for Spaceport artifacts	4/20/2007	N/A	N/A	N/A	N/A	N/A
NM State Army Board	DCA / DMA	Lease of the Bataan Art Complex, 50% of annual revenues from two property tenants	1/1/2006	1/1/2105	\$ 15,840	\$ 15,840	DCA / DMA	DCA / DMA
NM State General Services Department	DCA/GSD	DCA to conduct archaeological testing at Fort Bayard for GSD	0/16/2015	6/30/2015	\$ 31,000	\$ -	DCA/GSD	DCA/GSD
NM State Land Office	DCA/State Land Office	Museum of Natural History serves as repository for paleontological discoveries	2/10/2011	Termination by either party with 30 days notice	N/A	N/A	N/A	N/A
Public Service Company of New Mexico	DCA / PNM	Records Access Agreement NMCRIS #PNM_1JAN13	1/1/2013	12/31/2015	\$ 3,000	\$ 3,000	DCA	DCA HPD
United States Army Corps of Engineers	DCA/COE	Solicitation/Contract/Order for Commercial Items/W912PP-13-V-0013	9/24/2013	12/31/2017	\$ 75,000	\$ 15,000	DCA/COE	DCA HPD
University of New Mexico	DCA/UNM	Partnership to facilitate the teaching of a "Business of Art" certificate program at the National Hispanic Cultural Center	2/17/2015	6/30/2015	N/A	N/A	DCA/COE	UNM
US ARMY Garrison Fort Bliss, Texas	DCA / Ft. Bliss	MOU #W6CLAA-10246-F61R Automation & Management of Cultural Resource Information	8/13/2010	\$25K per year - Contingent upon appropriations from Congress	\$ 25,000	\$ 25,000	DCA / Ft. Bliss	DCA HPD
US ARMY White Sands Missile Range	DCA / White Sands Missile Range	MOU ARMS Data Sharing (W6REIM-10L1WJPO125) NMCRIS-ARMS Data Base	8/1/1991	Up to \$20K annually indefinite	\$ 20,000	\$ -	DCA / White Sands Missile Range	DCA HPD
US Department of Defense Holloman Air Force Base	DCA / HAFB	NMCRIS-ARMS Data Base Agreement #HAFB_FB4801-93218-063	8/20/1996	Up to \$6K annually indefinite	\$ 10,000	\$ -	DCA / HAFB	DCA HPD
USDA Forest Service	DCA/Forest Service	NMCRIS-ARMS DATA BASE Challenge Cost Share Agreement #14-CS-11031600-046	6/20/2014	9/30/2019	\$ 125,000	\$ 25,000	DCA/Forest Service	DCA HPD
USDA Forest Service	DCA/Forest Service	Site Watch Agreement #AG-8371-P-15-0022	7/16/2013	9/30/2014	\$ 10,000	\$ 4,831	DCA/Forest Service	DCA HPD
USDA Forest Service	DCA Natural History Museum/Forest Service	Provides for Natural History Museum to store and manage paleontological resources National Forest Lands. Agreement #15-CS-11031600-066	6/8/2015	6/1/2020	N/A	N/A	DCA/Forest Service	DCA/Forest Service
USDA Forest Service	DCA / Forest Service	SITE WATCH Agreement #AG-8371-P-15-0013	3/12/2014	3/31/2015	\$ 10,000	\$ 10,000	DCA/Forest Service	DCA HPD
USDA Forest Service	DCA / Forest Service	SITE WATCH Agreement #AG-8371-P-15-0047	5/15/2015	9/30/2016	\$ 10,000	\$ -	DCA / Forest Service	DCA HPD
USDA Natural Resources Conservation Service	DCA / NRCS	NMCRIS-ARMS Data Base #AG-8C30P-14-0008	9/21/2011	9/30/2014	\$ 25,000	\$ 11,450	DCA/NRCS	DCA HPD
USDA Natural Resources Conservation Service	DCA/NRCS	Agreement #AG-8C30-P-10-0013 NMCRIS-ARMS Data Base	10/1/2014	9/30/2019	\$ 100,000	\$ 8,100	DCA/NRCS	DCA HPD

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2015

<b>Participant with Department of Cultural Affairs</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to DCA - FY15</b>	<b>Audit Responsibility</b>	<b>Agency Reporting Revenue/Expense</b>
Utah State Library	DCA/Utah State Library	The Utah State Library will provide braille services to NM residents identified by the NM State Library.	6/27/2014	6/30/2015	\$ 5,000	\$ -	DCA/Utah	Utah/DCA

**DEPARTMENT OF CULTURAL AFFAIRS**  
**SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)**  
**For the Year Ended June 30, 2015**  
**Prepared by Agency Staff Name: Eve T. Banner Title: Account Manager Date 11/03/2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
505-14-4009	Professional Service	Jaramillo Accounting Group	\$54,000	\$86,550	Jaramillo Accounting Group, LLC 4700 Lincoln Rd NE Albuquerque, NM 87109	Y	N	Accounting Support
					Harshwal and Company, LLP 6739 Academy Rd, NE, Suite 130 Albuquerque, NM 87109			
					Syntax Core Business Services 21442 North 20th Avenue Phoenix, AZ 85027			
					Weinter, Cherne & Compnay P.C. 460 St Michaels Dr, Suite 1203 Santa Fe, NM 87505			
					Kubiak & Melton, LLC 6747 Academy Rd, NE, Suite A Albuquerque, NM 87109			

## **COMPLIANCE SECTION**

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

Veronica N. Gonzales, Cabinet Secretary  
and Mr. Timothy Keller, New Mexico State Auditor  
State of New Mexico Department of Cultural Affairs

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue fund of the State of New Mexico Department of Cultural Affairs (DCA) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise DCA’s basic financial statements, and the combining and individual funds and related budgetary comparisons of DCA, presented as supplemental information, and have issued our report thereon dated November 23, 2015.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether DCA'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-016.

### **DCA's Responses to Findings**

DCA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. DCA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Axiom CPAs and Business Advisors, LLC

Albuquerque, New Mexico

November 23, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Veronica N. Gonzales, Cabinet Secretary  
and Mr. Timothy Keller, New Mexico State Auditor  
State of New Mexico Department of Cultural Affairs

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each of the Major Federal Programs**

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



### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

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

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

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



Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
November 23, 2015

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2015**

<u>Federal Agency / Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Agriculture</b>		
Natural Resources Conservation Service		
Agreement #AG-8C30-P-14-0008	10.Unknown	\$ 11,450
Agreement #AG-8C30-P-10-0013	10.Unknown	8,100
Total Natural Resources Conservation Service		<u>19,550</u>
Forest Service		
Agreement #14-CS-11031600-046	10.Unknown	25,000
Total Forest Service		<u>25,000</u>
<b>Total Department of Agriculture</b>		<u>44,550</u>
<b>U.S. Department of the Interior</b>		
Bureau of Land Management		
ARMS Cultural Resource Data Sharing #L14AC00189	15.224	41,762
Permian Basin Agreement #L12AC20122	15.224	3,028
ARMS Agreement #L09AC15414 & #L11AC20142	15.224	26,106
SiteWatch Agreement #L11AC20140	15.238	22,269
Total Bureau of Land Management		<u>93,165</u>
Bureau of Reclamation		
Cultural Resource Management #R12AC40028	15.511	10,000
Total Bureau of Reclamation		<u>10,000</u>
National Park Service		
HPD - 2013 Nat Parks Services HPF #35-13-51938	15.904	319,810
HPD - 2014 Nat Parks Services HPF #35-14-121167	15.904	558,433
HPD - 2015 Nat Parks Services HPF #PF15AF00048	15.904	157,580
Civil War Battlefield Land Acquisition #P14AP00104	15.928	15,605
Total National Park Service		<u>1,051,428</u>
<b>Total U.S. Department of the Interior</b>		<u>1,154,593</u>
<b>National Endowment for the Arts</b>		
NEA - Partnership Grant #14-6100-2030	45.025	455,154
NEA - Partnership Grant #13-6100-2021	45.025	100,227
<b>Total National Endowment for the Arts</b>		<u>555,381</u>
<b>Institute of Museum and Library Services</b>		
LSTA State Grant LS-00-14-0032-14	45.310	1,085,302
LSTA State Grant LS-00-13-0032-13	45.310	276,021
<b>Total Institute of Museum and Library Services</b>		<u>1,361,323</u>
<b>Total Federal Expenditures</b>		<u>\$ 3,115,847</u>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015**

**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3 - NON-CASH ASSISTANCE**

DCA did not receive any federal non-cash assistance during the year ended June 30, 2015.

**NOTE 4 - SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, DCA provided federal awards to 180 sub-recipients in the amount of \$400,946 in NEA Partnership Grant Monies CFDA No. 45.025. DCA subsequently monitored the pass-through activity of each sub-recipient.

**NOTE 5 - RECONCILIATION TO FINANCIAL STATEMENTS**

Federal Revenues and Contracts - Governmental Funds:	\$	3,280,665
(Less) MIAC Vendor Agreements/Contracts:		<u>(164,818)</u>
Total Federal Revenues:		<u>3,115,847</u>
Expenditures per SEFA Schedule:		<u>3,115,847</u>
Difference:	\$	<u><u>-</u></u>

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

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_  No
- Significant deficiency identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_  None Reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_  No
- Significant deficiency identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes \_\_\_\_\_  None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_  Yes \_\_\_\_\_ No

**Identification of Major Program**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.904	National Parks Service
45.025	National Endowment for the Arts
45.310	Institute of Museum and Library Services

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_  No

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

**B. FINANCIAL STATEMENT FINDINGS**

None

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2015-001 Reporting (Non-Compliance and Other Matters)**

*Federal program information:*

Funding agency:	National Parks Service
Title:	HPD – 2014 Nat Parks Services HPF #35-14-121167
CFDA Number:	15.904
Award years:	2013 through 2015

*CONDITION*

The Department did not submit the End of Year Report by the submission due date.

*CRITERIA*

Per the National Parks Service grant agreement, and acceptable End-of-Year Report covering FY 2014 products, sources of Nonfederal matching share, and the Project Activity Database Report is due not later than December 31, 2014. The Report must comply with the requirements of Chapter 25 of the HPF Grants Manual. The End-of-Year Report must include the Standard Form 425, Federal Financial Report, which is used to document financial obligations and outlays during the previous year.

*QUESTIONED COSTS*

None

*EFFECT*

The Department is not in compliance with the National Parks Service grant agreement reporting requirement.

*CAUSE*

The Department experienced a change in program staff in the Historic Preservation District department, and therefore, staff members were unable to complete the End-of-Year Report in a timely manner.

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

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2015-001 Reporting (Non-Compliance and Other Matters) Continued**

*RECOMMENDATION*

The Department should appoint one or two individuals who will be specifically tasked with preparing the End-of-Year Report. If the appointed staff member(s) encounter delays in producing the End-of-Year Report, the staff member(s) should contact the awarding agency to request an extension.

*MANAGEMENT'S RESPONSE*

During fiscal year 2016, the Administrative Services Division Bureau Chief will continue to work with the divisions that receive federal funding to ensure reports are submitted timely. The report in question was submitted in February of 2015 and the Park Service was notified in December of 2015 that submittal would be delayed.

**2014-001 Sub-Recipient Monitoring (Non-Compliance Other Matters)  
Revised and Repeated**

*Federal program information:*

Funding agencies:	National Endowment for the Arts National Parks Service
Titles:	NEA - Partnership Grant #13-6100-2021 NEA - Partnership Grant #14-6100-2030 HPD – 2013 Nat Parks Services HPF #15-13-51938 HPD – 2014 Nat Parks Services HPF #35-14-121167 HPD – 2015 Nat Parks Services HPF #P15AF00048
CFDA Numbers:	45.025, 15.904
Award years:	2012 through 2016

*CONDITION*

- NEA Partnership Grant (CFDA 45.025): During our testing of a sample of 37 sub-recipient files it was identified that the Department was not providing the sub-recipients with the CFDA and federal award number on all 37 tested. Management has demonstrated a lack of progress in implementing the prior year corrective action plan.
- National Parks Service Grant (CFDA 15.904): During our testwork of sub-recipient monitoring for this federal award, we noted that the Department only evaluated one out of eight Certified Local Governments (CLGs) in the current fiscal year.

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

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2014-001 Sub-Recipient Monitoring (Non-Compliance Other Matters)  
Revised and Repeated (Continued)**

*CRITERIA*

- Part 176 of CFR Title 2 [2 CFR Part 176.210(c)] recipients (e.g. the Department) should document, at the time of sub-award and at the time of disbursement of funds, the federal award number, CFDA number, and the amount of Recovery Act Funds (if any).
- Per the grant agreements for the National Parks Service Grants, the State must evaluate at least 25 percent (or more) of their CLGs with the end of year report to meet the minimum evaluation requirements.

During fiscal year 2015, no progress was made regarding this finding.

*QUESTIONED COSTS*

None

*EFFECT*

- Failure to provide the CFDA number and other federal awarding documentation may cause miscommunication with the sub-recipients. The subrecipients may improperly exclude federal award funding when they are performing their own determination of whether they are subject to a Single Audit.
- The Department is not in compliance with the National Parks Service grant agreements.

*CAUSE*

- The Department was unaware of the requirement to pass through the CFDA and other federal awarding identification to its sub-recipients.
- The Department experienced a change in program staff in the Historic Preservation District department, and the new staff members were not aware of this requirement.

*RECOMMENDATION*

- It is recommended that the Department revise their sub-recipient award/contract documentation to include the CFDA and federal contract number related to the funds being disbursed to them.
- It is recommended that the Department implement training procedures to include educating new staff members about grant agreement requirements.

*MANAGEMENT RESPONSE*

During fiscal year 2016, the Administrative Services Division Bureau Chief will provide additional guidance to the divisions that receive federal funding to ensure that contracts include appropriate federal award information and that this information is shared with sub-recipients.



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

**D. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR  
RULE**

**2013-016 Controls over Cash Deposits (Non-Compliance Other Matters) - Revised and Repeated**

*CONDITION*

During our testing of five deposits selected throughout the fiscal year, it was identified that one deposit totaling \$6,601.65 was not made timely (i.e. the deposit was collected between 4/30/2015 through 5/5/2015, and was deposited 5/6/2015). Management has demonstrated a lack of progress in implementing the prior year corrective action plan.

During fiscal year 2015, the Department continued to emphasize the importance of depositing funds within the 24 hour requirement. This resulted in less exceptions noted in the current year.

*CRITERIA*

Per Section 6-10-3 NMSA 1978, *Payment of State Money into Treasury; Suspense Funds*, all public money in the custody or under the control of any Department obtained or received by any official or Department from any source, state agencies must deposit it before the close of the next succeeding business day after the receipt of the money and to deliver or remit it to the state treasurer.

*EFFECT*

Untimely deposits may cause the department to be at risk of misappropriation of funds.

*CAUSE*

The Department has not implemented a monitoring mechanism to ensure that all deposits made by the Department are deposited timely.

*RECOMMENDATION*

It is recommended that the Department implement controls and develop accounting policies requiring adequate controls to ensure monies are deposited by the close of the next business day.

*MANAGEMENT RESPONSE*

During fiscal year 2016, the Administrative Services Division Bureau Chief will revisit policies for deposit of cash receipts and checks received at the division level to ensure timely deposit to meet statutory deadlines. The Department is working on deploying check scanners to historic sites to ensure timely deposits.

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

**STATUS OF PRIOR YEAR FINDINGS**

<b><u>Description</u></b>	<b><u>Status</u></b>
2013-002 Late Data Collection Form	Resolved
2013-009 Controls over Capital Assets and Construction in Process	Resolved
2013-011 Controls over Travel and Per Diem Expenses	Resolved
2013-015 Lack of Cash Reconciliation Process	Resolved
2013-016 Lack of Controls over Cash Deposits	Revised and Repeated
2014-001 Subrecipient Monitoring	Revised and Repeated

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
EXIT CONFERENCE  
June 30, 2015**

The contents of this report were discussed in the exit conference held on November 18, 2015, with the following in attendance:

**Representing the Department of Cultural Affairs:**

Veronica Gonzales	Cabinet Secretary
Michael Delello	Deputy Cabinet Secretary
Greg Geisler	ASD Director
Eve Banner	Account Manager
Ron Lucero	Budget Director
Gene Harris	Bureau Chief AR/Audit/Grants/Cash Management
Elizabeth Romero-Eoff	Bureau Chief
Donna Martinez	Accountant & Auditor

**Representing Axiom:**

Chris Garner, CPA	Partner
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the Department of Cultural Affairs.