

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL  
AFFAIRS

Financial Statements

June 30, 2016



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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

**Official Roster**  
**June 30, 2016**

<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
Margaret Marino	Director – New Mexico Museum of Natural History & Science
Mary Kershaw	Director - New Mexico Museum of Art
Loie Fecteau	Director - New Mexico Arts
Kristaan Villela	Director - Museum of International Folk Art
Kathleen Moeller-Peiffer	Director - New Mexico State Library
Patrick Moore	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, 2016, 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, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2016, 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, 2016, 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, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 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 18, 2016 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 18, 2016



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2016**

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, 2016.

## **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 (19300), 15% Museum Admission Funds (19400), NMFA Projects Fund (69100), Art in Public Places (Fund 69800) and Capital Projects (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, 2016**

**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.

**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.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2016**

**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, 2016. Total DCA Net Position for fiscal year 2016 was \$97,450,652. The net position reflects \$93,984,936 million in a net investment of capital assets, \$692,430 in assets restricted for capital projects, \$1,782,711 in assets restricted for special projects and statutory requirements, \$1,373,465 in assets restricted for debt service and (\$382,890) in unrestricted funds. The negative unrestricted balance is primarily due to the reported compensated absences (a current liability) reported within the Statement of Net Position. Overall net change in position is a reduction of \$1,932,094, 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, 2016**

**Statement of Net Position - Governmental Activities**

	6/30/2016	6/30/2015
<b>Assets</b>		
Current and other assets	\$ 8,129,395	9,093,371
Capital assets	98,078,015	100,049,436
<b>Total Assets</b>	<u>106,207,410</u>	<u>109,142,807</u>
<b>Liabilities</b>		
Current liabilities	5,216,431	5,735,480
Long-term liabilities	3,540,327	4,024,581
<b>Total Liabilities</b>	<u>8,756,758</u>	<u>9,760,061</u>
<b>Net Position</b>		
Net investment in capital assets	93,984,936	95,534,346
Restricted	3,848,606	5,024,837
Unrestricted	(382,890)	(1,176,437)
<b>Total Net Position</b>	<u>\$ 97,450,652</u>	<u>99,382,746</u>

**Statement of Activities - Governmental Activities**

	6/30/2016	6/30/2015
<b>Revenues</b>		
Program revenues	\$ 9,854,610	10,015,854
General revenues	31,154,300	30,122,400
<b>Total Revenues</b>	<u>41,008,910</u>	<u>40,138,254</u>
Program expenses	<u>(51,951,389)</u>	<u>(49,981,134)</u>
Deficiency of Revenues over Expenditures	(10,942,479)	(9,842,880)
Net transfers	9,010,020	4,338,022
Other items	365	7,222
Change in Net Position	(1,932,094)	(5,497,636)
Net position, beginning	99,382,746	104,880,382
Restatement	-	-
Net position, beginning as restated	<u>99,382,746</u>	<u>104,880,382</u>
<b>Net Position, Ending</b>	<u>\$ 97,450,652</u>	<u>99,382,746</u>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2016**

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

DCA's Net Position for fiscal year 2016 was \$1.9 million lower compared to fiscal year 2015. Key areas of the statement of net activities in 2016 are discussed below:

*Revenues.* Total revenues of \$41.0 million are slightly higher than FY15, primarily due to an increase in state general fund of \$1.0 million over fiscal year 2015.

*Expenditures.* Operating expenses grew by \$1.9 million from FY15 to FY16, primarily due to increased expenditures in capital outlay, Arts in Public Places, and personnel costs and benefits.

*Change in net position and ending net position* Ending net position of \$97,450,652 reflects a negative change in net position of \$1,932,097. The majority of the deficiency of revenues over expenditures was covered by net transfers of \$9.0 million; including bond proceed transfers of \$8.9 million (\$5.2 million higher than fiscal year 2015, which includes proceeds from a bond reissue of 2.8 million).

**Business-Type Activities**

The below table summarizes DCA's Net Position for business-type activities for the fiscal year ended June 30, 2016. Total DCA Net Position for fiscal year 2016 was \$532,293, reflecting \$182,911 investment in capital assets and \$349,382 remaining in net cash balances in the department's enterprise fund.

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

	6/30/2016	6/30/2015
<b>Assets</b>		
Current and other assets	\$ 698,039	2,240,792
Capital assets	182,911	341,308
<b>Total Assets</b>	<u>880,950</u>	<u>2,582,100</u>
<b>Liabilities</b>		
Current liabilities	152,483	299,662
Long-term liabilities	196,174	196,174
<b>Total Liabilities</b>	<u>348,657</u>	<u>495,836</u>
<b>Net Position</b>		
Investment in capital assets	182,911	341,308
Restricted	-	-
Unrestricted	349,382	1,744,956
<b>Total Net Position</b>	<u>\$ 532,293</u>	<u>2,086,264</u>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2016**

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

	6/30/2016	6/30/2015
<b>Revenues</b>		
General revenues	\$ _____ -	_____ 1,380
<b>Total Revenues</b>		
Program expenses	_____ (1,553,971)	_____ (1,635,238)
Deficiency of Revenues over Expenditures	(1,553,971)	(1,633,858)
Net transfers	-	-
Other items	_____ -	_____ -
Change in Net Position	(1,553,971)	(1,633,858)
Net position, beginning	2,086,264	3,720,122
Restatement	_____ -	_____ -
Net position, beginning as restated	2,086,264	3,720,122
<b>Net Position, Ending</b>	\$ _____ 532,293	_____ 2,086,264

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

As noted under the discussion of net position, 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 2016 than in fiscal year 2015, but the addition of net transfers out and other causes a total decrease of \$1.5 million in net position in fiscal year 2016. The department expects to carry a minimum balance in the enterprise fund going forward beyond fiscal year 2016.

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

Individual statements are provided for major governmental funds. Of note, Art in Public Places Fund 698 capital outlay was \$874,000 in fiscal year 2016, an increase of \$668,400 over fiscal year 2015 due to increased focus by the department in this area. Capital outlay expenditure activity (fund 892) was notable in FY16 with total expenditures of \$8.3 million; an increase of \$4.6 million over fiscal year 2015. Note that department capital outlay expenditures are dependent on legislative capital outlay appropriations.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
For the Year Ended June 30, 2016**

**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.

The department had insufficient general fund budgeted to cover projected personnel services and employee benefits costs for FY16. As a result, during fiscal year 2016 the department transferred \$403,100 in budget authority from the Preservation, Library Services, and Arts programs into the personnel services and employee benefits budgets for the Museums and Historic Sites and Program Support divisions. An additional \$1 million in funds was budgeted into personnel costs and benefits from two separate actions, a supplemental appropriation of \$450 thousand in general fund and a \$550 thousand budget adjustment request to increase budget authority using fund balance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2016, DCA had capital assets of 98,078,015 (net of depreciation) reflected on the Statement of Net Position. This amount represents a decrease of \$1,971,421 over fiscal year 2015 fixed assets, as adjusted. The total reflects the addition of new assets and the accompanying depreciation of new assets. See note 4 for additional details.

**Debt Administration**

At June 30, 2016, DCA had total outstanding debt of \$4,093,079. Outstanding debt is backed by the DCA's state tax revenues. The Department's change in long-term debt is \$422,011 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, 2016**

**Economic Factors**

The department benefited from general fund increases for its operations in recent years through FY16, but at the same time available fund balance in the enterprise fund was declining, reducing department capacity to deal with future budget shortfalls.

DCA was one of a number of agencies that took large budget reductions for fiscal year 2017 due to a downturn in state revenues from oil and gas. Because the department was aware of the looming FY17 issue in December 2015, it began to slow down hiring and operating expenditures the last 6 months of fiscal year 2016. At the time of the completion of the fiscal year 2016 audit (November 2016), the department was managing a \$2.8 million general fund budget cut in fiscal year 2017. Overall funding budgeted for the department for fiscal year 2017 is down \$4.5 million, or 10.7 percent. Steps the department has taken to manage the budget reduction include a reduction in force of 11 employees, increasing the number of vacant positions, limiting expenditures in other costs and contractual services, and increasing ticket prices to increase revenue.

**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, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Interest in State Treasurer General Fund Investment Pool	\$ 4,169,923	698,039	4,867,962
Restricted cash	504,847	-	504,847
Receivables:			
Due from federal government	584,855	-	584,855
Due from other state agencies	2,144,703	-	2,144,703
Due from local governments	35,073	-	35,073
Other, net	415,988	-	415,988
Inventory	274,006	-	274,006
<b>Total Current Assets</b>	<b>8,129,395</b>	<b>698,039</b>	<b>8,827,434</b>
Capital assets	179,587,908	501,116	180,089,024
Accumulated depreciation	(81,509,893)	(318,205)	(81,828,098)
<b>Total Assets</b>	<b>106,207,410</b>	<b>880,950</b>	<b>107,088,360</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	2,379,613	149,193	2,528,806
Accrued payroll	938,923	-	938,923
Unearned revenue	22,861	-	22,861
Due to other state agencies	132	-	132
Due to state general fund	43,203	3,290	46,493
Due to beneficiaries	3,864	-	3,864
Other liabilities	173,994	-	173,994
Due within one year			
Compensated absences	1,085,857	-	1,085,857
Current portion of long-term obligations	552,752	-	552,752
Accrued interest	15,232	-	15,232
<b>Total Current Liabilities</b>	<b>5,216,431</b>	<b>152,483</b>	<b>5,368,914</b>
Due in more than one year			
AFSCME Settlement	-	196,174	196,174
Long-term obligations	3,540,327	-	3,540,327
<b>Total Liabilities</b>	<b>8,756,758</b>	<b>348,657</b>	<b>9,105,415</b>
<b>NET POSITION</b>			
Net investment in capital assets	93,984,936	182,911	94,167,847
Restricted for:			
Capital projects	692,430	-	692,430
Special projects and statutory requirements	1,782,711	-	1,782,711
Debt service	1,373,465	-	1,373,465
Unrestricted	(382,890)	349,382	(33,508)
<b>Total Net Position</b>	<b>\$ 97,450,652</b>	<b>532,293</b>	<b>97,982,945</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

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
Primary government							
Governmental activities							
Museum services	\$ 35,356,996	3,414,884	81,362	821,326	(31,039,424)	-	(31,039,424)
Preservation and library	9,517,646	1,912,580	2,935,858	-	(4,669,208)	-	(4,669,208)
Arts	2,609,834	-	645,773	-	(1,964,061)	-	(1,964,061)
Program support	4,327,975	42,827	-	-	(4,285,148)	-	(4,285,148)
Interest on long-term debt	138,938	-	-	-	(138,938)	-	(138,938)
<b>Total governmental activities</b>	<b>51,951,389</b>	<b>5,370,291</b>	<b>3,662,993</b>	<b>821,326</b>	<b>(42,096,779)</b>	<b>-</b>	<b>(42,096,779)</b>
Business-type activities							
Enterprise fund 53000	1,553,971	-	-	-	-	(1,553,971)	(1,553,971)
<b>Total business-type activities</b>	<b>1,553,971</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,553,971)</b>	<b>(1,553,971)</b>
<b>Total primary government</b>	<b>\$ 53,505,360</b>	<b>5,370,291</b>	<b>3,662,993</b>	<b>821,326</b>	<b>(42,096,779)</b>	<b>(1,553,971)</b>	<b>(43,650,750)</b>
General Revenues, special items and transfers							
State general fund appropriations					31,154,300	-	31,154,300
Transfers - reversions to state general fund					(22,337)	-	(22,337)
Transfer of bond proceed appropriations					8,904,587	-	8,904,587
Transfers from other agencies					127,770	-	127,770
Interest and investment earnings					365	-	365
<b>Total general revenues, special items and transfers</b>					<b>40,164,685</b>	<b>-</b>	<b>40,164,685</b>
<b>Change in net position</b>					<b>(1,932,094)</b>	<b>(1,553,971)</b>	<b>(3,486,065)</b>
Net Position, beginning of year					99,382,746	2,086,264	101,469,010
Net Position, ending					<b>\$ 97,450,652</b>	<b>532,293</b>	<b>97,982,945</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016

	<b>19300</b>	<b>19400</b>	<b>69100</b>
	General Operating Fund	15% Museum Admission Funds	NMFA Projects Fund
<b>ASSETS</b>			
Interest in State Treasurer General Fund Investment Pool	\$ 1,814,548	1,094,092	885,735
Other cash	14,255	-	490,592
Due from federal government	584,855	-	-
Due from other state agencies	73,987	-	65,666
Due from local governments	35,073	-	-
Due from other funds	324,100	551,411	-
Other receivables, net	415,988	-	-
Inventory	274,006	-	-
<b>Total Assets</b>	<b>\$ 3,536,812</b>	<b>1,645,503</b>	<b>1,441,993</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,127,685	53,341	68,528
Accrued payroll	938,923	-	-
Unearned revenue	22,861	-	-
Due to other state agencies	132	-	-
Due to other funds	551,411	-	-
Due to State General Fund	29,518	-	-
Due to beneficiaries	3,864	-	-
Other liabilities	144,219	-	-
<b>Total liabilities</b>	<b>2,818,613</b>	<b>53,341</b>	<b>68,528</b>
<b>FUND BALANCES</b>			
Nonspendable	274,006	-	-
Restricted	-	1,592,162	1,373,465
Committed	-	-	-
Assigned	-	-	-
Unassigned	444,193	-	-
<b>Total fund balances</b>	<b>718,199</b>	<b>1,592,162</b>	<b>1,373,465</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,536,812</b>	<b>1,645,503</b>	<b>1,441,993</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
184,999	-	190,549	4,169,923
-	-	-	504,847
-	-	-	584,855
725,843	1,279,207	-	2,144,703
-	-	-	35,073
-	-	-	875,511
-	-	-	415,988
-	-	-	274,006
<b>910,842</b>	<b>1,279,207</b>	<b>190,549</b>	<b>9,004,906</b>

84,696	1,045,363	-	2,379,613
-	-	-	938,923
-	-	-	22,861
-	-	-	132
-	324,100	-	875,511
13,685	-	-	43,203
-	-	-	3,864
-	29,775	-	173,994
<b>98,381</b>	<b>1,399,238</b>	<b>-</b>	<b>4,438,101</b>

-	-	-	274,006
812,461	-	190,549	3,968,637
-	-	-	-
-	-	-	-
-	(120,031)	-	324,162
<b>812,461</b>	<b>(120,031)</b>	<b>190,549</b>	<b>4,566,805</b>
<b>910,842</b>	<b>1,279,207</b>	<b>190,549</b>	<b>9,004,906</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, 2016**

	<u>Governmental Activities</u>
<b>Total Fund Balance - Governmental Funds Governmental Funds Balance Sheet</b>	\$ 4,566,805

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	179,587,908
Accumulated depreciation	<u>(81,509,893)</u>
<b>Total capital assets</b>	<u>98,078,015</u>

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

Long-term debt	(4,093,079)
Accrued interest	(15,232)
Compensated absences payable	<u>(1,085,857)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u>\$ 97,450,652</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, 2016**

	<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	\$ 4,072,654	308,931	-
Interest revenue	-	-	-
Other state funds	1,005,870	-	821,326
Federal grants and contracts	3,140,874	-	-
Private gifts and grants	332,611	-	-
Miscellaneous	120,488	-	-
<b>Total revenues</b>	<b>8,672,497</b>	<b>308,931</b>	<b>821,326</b>
<b>Expenditures</b>			
Personnel services and employee benefits	27,799,813	1,420	-
In-state travel	114,958	223	-
Maintenance and repairs	1,541,444	89,589	136,749
Supplies	588,469	66,844	21,083
Contractual services	3,211,649	210,271	7,798
Operating costs	4,403,643	98,958	-
Other costs	183,200	34	13,544
Out-of-state travel	17,828	-	-
Grants to other agencies, governments and entities	1,197,056	-	-
Capital outlay	137,823	46,286	253,702
Debt service			
Principal	-	-	3,211,065
Interest	-	-	184,823
<b>Total expenditures</b>	<b>39,195,883</b>	<b>513,625</b>	<b>3,828,764</b>
<b>Excess (Deficiency) of Revenues over (under)</b>			
Expenditures before other financing sources (uses)	(30,523,386)	(204,694)	(3,007,438)
<b>Other Financing Sources (Uses)</b>			
State general fund appropriations	31,154,300	-	-
Proceeds from bond issuance	-	-	2,789,054
Transfers - reversions to state general fund	(22,337)	-	-
Transfer of bond proceed appropriations	-	-	-
Transfers from (to) other agencies	127,770	-	-
<b>Total other financing sources (uses)</b>	<b>31,259,733</b>	<b>-</b>	<b>2,789,054</b>
<b>Net change in fund balances</b>	<b>736,347</b>	<b>(204,694)</b>	<b>(218,384)</b>
Fund balances, beginning of year	(18,148)	1,796,856	1,591,849
<b>Fund balances, end of year</b>	<b>\$ 718,199</b>	<b>1,592,162</b>	<b>1,373,465</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
-	-	-	4,381,585
-	-	365	365
-	-	-	1,827,196
-	-	-	3,140,874
-	-	-	332,611
1,000	-	50,856	172,344
1,000	-	51,221	9,854,975
-	-	-	27,801,233
-	-	-	115,181
-	713,778	-	2,481,560
152,715	59,115	-	888,226
329,682	584,025	-	4,343,425
-	14,645	-	4,517,246
-	-	-	196,778
55,000	-	-	72,828
-	3,499,936	-	4,696,992
873,600	3,427,465	-	4,738,876
-	-	-	3,211,065
-	-	-	184,823
1,410,997	8,298,964	-	53,248,233
(1,409,997)	(8,298,964)	51,221	(43,393,258)
-	-	-	31,154,300
-	-	-	2,789,054
-	-	-	(22,337)
725,842	8,178,745	-	8,904,587
-	-	-	127,770
725,842	8,178,745	-	42,953,374
(684,155)	(120,219)	51,221	(439,884)
1,496,616	188	139,328	5,006,689
812,461	(120,031)	190,549	4,566,805



**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, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds  (Statement of Revenue, Expenditures, and Changes  in Fund Balances)</b>	\$ <u>(439,884)</u>
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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	3,838,000
Depreciation expense	<u>(5,809,421)</u>
	(1,971,421)

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	422,011
Change in accrued interest on long-term debt	45,885
Change in compensated absences	<u>11,315</u>
	479,211

<b>Change in net position of governmental activities (Statement of Activities)</b>	\$ <u><u>(1,932,094)</u></u>
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*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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 30,688,100	30,504,300	30,504,300	-
Intra-state Transfers	125,000	125,000	7,770	(117,230)
Federal Grants	3,474,500	3,623,626	3,223,885	(399,741)
Earned Revenues	6,507,400	6,547,400	5,448,585	(1,098,815)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	25	25
15% Museum Admissions Fund	470,900	470,900	308,930	(161,970)
<b>Total Revenue</b>	<u>41,265,900</u>	<u>41,271,226</u>	<u>39,493,495</u>	<u>(1,777,731)</u>
Prior Year Cash Budgeted	<u>1,142,300</u>	<u>1,566,550</u>		
Total Budget Revenues	<u>42,408,200</u>	<u>42,837,776</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	28,319,500	28,444,700	27,759,485	685,215
Contractual Services	4,686,100	4,408,250	3,607,300	800,950
Other Operating Costs	9,402,600	9,984,826	8,470,713	1,514,113
<b>Total Expenditures</b>	<u>42,408,200</u>	<u>42,837,776</u>	<u>39,837,498</u>	<u>3,000,278</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(344,003)</u>	<u>1,222,547</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		
<b>Reconciliation to GAAP Basis:</b>				
Prior year general fund reversion			\$ (25)	
Reversions to state general fund			22,337	
Intra-state transfers			<u>7,770</u>	
Excess (Deficiency) of revenues over expenditures:			<u>\$ (313,921)</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, 2016

	<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	-	470,900	308,931	(161,969)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>-</u>	<u>470,900</u>	<u>308,931</u>	<u>(161,969)</u>
Prior Year Cash Budgeted	<u>470,900</u>	<u>424,250</u>		
Total Budget Revenues	<u>470,900</u>	<u>895,150</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	26,100	1,420	24,680
Contractual Services	-	251,250	210,271	40,979
Other Operating Costs	<u>470,900</u>	<u>617,800</u>	<u>301,934</u>	<u>315,866</u>
<b>Total Expenditures</b>	<u>470,900</u>	<u>895,150</u>	<u>513,625</u>	<u>381,525</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(204,694)</u>	<u>219,556</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, 2016**

**ASSETS**

Current Assets

Interest in state treasurer general fund investment pool	\$ 698,039
<b>Total current assets</b>	<u>698,039</u>

Noncurrent Assets

Capital assets:

Buildings and improvements	14,605
Information technology	454,561
Machinery and equipment	31,950
Less accumulated depreciation	<u>(318,205)</u>
<b>Total noncurrent assets</b>	<u>182,911</u>

<b>Total assets</b>	<u>880,950</u>
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**LIABILITIES**

Current Liabilities

Accounts payable	149,193
Due to state general fund	3,290
AFSCME settlement	<u>-</u>
<b>Total current liabilities</b>	<u>152,483</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>348,657</u>

**NET POSITION**

Investment in capital assets	182,911
Unrestricted	<u>349,382</u>
<b>Total net position</b>	<u>\$ 532,293</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, 2016**

Operating Revenues		
Miscellaneous	\$	-
<b>Total operating revenues</b>		<u>-</u>
Operating Expenses		
Personnel services and employee benefits		1,059,208
Contractual services		307,335
Advertising		19,031
Other operating costs		10,000
Depreciation		<u>158,397</u>
<b>Total operating expenses</b>		<u>1,553,971</u>
Operation income (loss)		<u>(1,553,971)</u>
<b>Change in net position</b>		<u>(1,553,971)</u>
Net position, beginning of year		<u>2,086,264</u>
<b>Net position, end of year</b>	\$	<u><u>532,293</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, 2016**

Cash Flows From Operating Activities	
Cash received from customers and others	-
Cash paid for goods and services	\$ <u>(1,542,753)</u>
<b>Net cash used by operating activities</b>	<u>(1,542,753)</u>
Net decrease in cash and cash equivalents	(1,542,753)
Cash and cash equivalents, beginning of year	<u>2,240,792</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 698,039</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (1,553,971)
Adjustments to operating loss to net cash provided by operating activities:	
Depreciation expense	158,397
Change in assets and liabilities:	
Accounts payable	(150,469)
Due to other state agencies	<u>3,290</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (1,542,753)</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF FIDUCIARY NET POSITION  
Year Ended June 30, 2016

	<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	\$ 404,868	130,001	66,408	601,277
Loans receivable, net of allowance for uncollectible	42,982	-	-	42,982
<b>Total assets</b>	<b>447,850</b>	<b>130,001</b>	<b>66,408</b>	<b>644,259</b>
<b>LIABILITIES</b>				
Deposits held in custody for others	447,850	-	16,408	464,258
Other liabilities	-	-	50,000	50,000
<b>Total liabilities</b>	<b>447,850</b>	<b>-</b>	<b>66,408</b>	<b>514,258</b>
<b>NET POSITION</b>	<b>\$ -</b>	<b>130,001</b>	<b>-</b>	<b>130,001</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
June 30, 2016

	<b>61200</b>
	Bartlett Trust Fund
	<u>                    </u>
<b>REVENUE</b>	
Interest income	\$ <u>          318</u>
<b>EXPENSE</b>	
Operating costs	<u>          13,369</u>
<b>Total expense</b>	<u>          13,369</u>
<b>Net change in fund balance</b>	<u>          (13,051)</u>
Net Position, beginning of year	<u>          143,052</u>
<b>Net Position, end of year</b>	\$ <u><u>          130,001</u></u>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**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 FY2016, 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, 2016**

**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  
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**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.

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**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.

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

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

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.

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.

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

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

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.

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

**C. 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. The fund was established in the 2013 regular session, per House Bill 417, 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.

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June 30, 2016**

**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 2016.

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.

The following capital projects funds had no activity during fiscal year 2016: 58700, 64700, and 47800 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.

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



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

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

Fund appropriations and therefore is a non-reverting fund.

**D. 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.

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

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

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

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:

- 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.

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

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

- 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 Statement of Revenues and Expenditures – Budget and Actual for the Combined Operating fund is presented at the departmental level.

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 64 through 75.

**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.

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

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

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 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.

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

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

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.

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

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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)**

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, 2016, 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	\$ 4,674,770
Enterprise fund	698,039
Fiduciary funds	601,277
Total cash and cash equivalents	\$ <u>5,974,086</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, 2016. 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 SGFIP, 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 fiscal year 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. The claims to resources reconciliation process has been successfully applied to fiscal year-end 2016. The results are encouraging and the following assertions can be made:

1. The calculated difference between resource maintained by the State Treasurer's Office and the agency claims has remained stable and within a narrow and acceptable range (< \$200k standard deviation) over the last 12 months.

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

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

2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SFGIP.
3. All claims will be honored at face value.

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, 2016 is as follows:

	<b>Balance 6/30/2015</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance 6/30/2016</b>
Land	\$ 5,801,746	-	-	5,801,746
Construction in Progress	1,082,441	-	(1,075,014)	7,427
<b>Total Non-Depreciable Assets</b>	<b>6,884,187</b>	<b>-</b>	<b>(1,075,014)</b>	<b>5,809,173</b>
Buildings & Improvements	154,433,880	3,228,583	1,062,084	158,724,547
Furniture and Fixtures	2,368,971	-	-	2,368,971
Information Technology	995,811	33,707	-	1,029,518
Land Improvements	937,114	239,845	12,930	1,189,889
Libraries & Museums	970,342	-	-	970,342
Livestock	5,000	-	-	5,000
Machinery and Equipment	8,110,199	307,829	(5,278)	8,412,750
Vehicles	1,044,404	33,314	-	1,077,718
<b>Total Depreciable Assets</b>	<b>168,865,721</b>	<b>3,843,278</b>	<b>1,069,736</b>	<b>173,778,735</b>
Accumulated depreciation:				
Building & Improvements	(64,213,781)	(4,972,170)	-	(69,185,951)
Furniture and Fixtures	(2,276,279)	(47,785)	-	(2,324,064)
Information Technology	(682,860)	(167,535)	-	(850,395)
Land Improvements	(72,463)	(32,465)	-	(104,928)
Libraries & Museums	(711,771)	(88,568)	-	(800,339)
Livestock	(5,000)	-	-	(5,000)
Machinery and Equipment	(6,717,803)	(499,326)	5,278	(7,211,851)
Vehicles	(1,020,515)	(6,850)	-	(1,027,365)
<b>Total Accumulated Depreciation</b>	<b>(75,700,472)</b>	<b>(5,814,699)</b>	<b>5,278</b>	<b>(81,509,893)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 100,049,436</b>	<b>(1,971,421)</b>	<b>-</b>	<b>98,078,015</b>



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

Business-Type capital asset activity for the year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2016</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	(152,842)	(151,520)	-	(304,362)
Machinery and Equipment	(6,479)	(6,390)	-	(12,869)
Buildings and Improvements	(487)	(487)	-	(974)
Total Accumulated Depreciation	<u>(159,808)</u>	<u>(158,397)</u>	<u>-</u>	<u>(318,205)</u>
Total Capital Assets, Net	<u>\$ 341,308</u>	<u>(158,397)</u>	<u>-</u>	<u>182,911</u>

Depreciation expense for fiscal year 2016 was charged to the following functions:

Government Activities	
Arts	\$ 3,262
Museum services	5,529,864
Preservation & library	257,234
Program support	<u>24,339</u>
Total	<u>\$ 5,814,699</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, 2016. 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

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

History Museum, Farm and Ranch Heritage Museum, National Hispanic Cultural Center and the Museum of Natural History and Science.

**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>6/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2016</u>	<u>Current</u> <u>Portion</u>
Compensated Absences	\$ 1,097,172	1,613,282	1,624,597	1,085,857	1,085,857

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. 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

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

administered by the Public Employees Retirement Association (PERA). Overall, total pension liability exceeds Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State.

All required disclosures will be presented in the 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

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

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

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

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, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the RHCA.

The DCA's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$388,160, \$375,516, and \$342,536 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:

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

- 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.

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

Fund No.	Due from DCA Fund	Due to State Agency		Total
		33300	10590	
		NM Taxation & Revenue	NM Finance & Administration	
19300	General Operating	\$ 132	-	132
	<b>Total</b>	<b>\$ 132</b>	<b>-</b>	<b>132</b>

Agency No.	Due from State Agency	Due to DCA Fund No.				Total
		19300	69100	69800	89200	
		General Operating Fund	NMFA Projects Fund	DCA Art in Public Places Fund	Capital Projects Laws 10, 11, 12	
34103	NM Finance & Administration	\$ -	-	725,843	1,279,207	2,005,050
33300	NM Taxation and Revenue	4,793	65,666	-	-	70,459
80500	Department of Transportation	69,194	-	-	-	69,194
	<b>Total</b>	<b>\$ 73,987</b>	<b>65,666</b>	<b>725,843</b>	<b>1,279,207</b>	<b>2,144,703</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	\$ 324,100	551,411
19400	15% Museum Admission Fund	551,411	-
89200	Capital Projects Laws 10, 11, 12	-	324,100
		<u>\$ 875,511</u>	<u>875,511</u>

Operating transfers during the fiscal year ended June 30, 2016 were as follows:

<u>Fund No.</u>	<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
19300	General Operating Fund	\$ 22,337	127,770
69800	Arts in Public Places Fund	-	725,842
89200	Capital Projects Laws 10, 11, 12	-	8,178,745
		<u>\$ 22,337</u>	<u>9,032,357</u>

**NOTE 11. OTHER RECEIVABLES**

Other receivables not due from state or federal sources as of June 30, 2016 consisted of the following.

	<u>19300</u>
	General Operating Fund
Receivables:	
Charges for services	\$ 415,988
Allowance for doubtful accounts	-
Total receivables	<u>\$ 415,988</u>

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**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.

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 shown 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

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**NOTE 14. AFFILIATED FOUNDATIONS (CONTINUED)**

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, 2016.

DCA has entered into various leases for land, office equipment and office space as of June 30, 2016. 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>
2017	\$ 182,626
2018	108,724
2019	75,964
2020	46,833
2021	<u>25,275</u>
Total	<u>\$ 439,422</u>

**NOTE 17. LONG-TERM DEBT**

At June 30, 2016, 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



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

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. The State Museum Tax Revenue bond was refinanced in fiscal year 2016.

**State Building Tax Refunding Revenue Bonds.** Bonds issued by the New Mexico Finance Authority (NMFA), original amount (\$2,789,054), payable from the State Building Bonding Fund, for the purpose of providing funds to refund and redeem the NMFA outstanding State Museum Tax Revenue Bonds issued in 2003. The bond issued is to provide funding to the office of cultural affairs for the purpose renovating and maintaining current structures and developing permanent exhibits at state museums and monuments, specifically authorized by legislative act and the 2003 regular session. The interest rate ranges from 0.46% the first year up to 1.42% in 2023, the year of maturity.

**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 GGRT. Any GGRT 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 2015, 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, 2016, the following changes occurred in long-term debt:

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**NOTE 17. LONG-TERM DEBT**

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
State Museum Tax Revenue Bonds	\$ 3,088,512	-	(3,088,512)	-	-
2016A State Building Revolving Fund	-	2,789,054	-	2,789,054	388,899
Public Project Revolving Fund Loan	1,131,012	-	(122,553)	1,008,459	127,246
Energy Efficiency Revolving Fund Loan	295,566	-	-	295,566	36,607
Total long term debt	\$ <u>4,515,090</u>	<u>2,789,054</u>	<u>(3,211,065)</u>	<u>4,093,079</u>	<u>552,752</u>

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

**State Building Tax Refunding Bonds**

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	388,899	27,146
2018	390,023	27,708
2019	392,664	24,628
2020	398,561	20,936
2021	400,992	16,632
2022-2023	817,915	17,981
Total	\$ <u>2,789,054</u>	<u>135,031</u>

**Public Project Revolving Fund Loan**

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	127,246	42,578
2018	132,272	37,565
2019	137,629	32,221
2020	143,341	26,523
2021	149,405	20,474
2022-2023	318,566	21,243
Total	\$ <u>1,008,459</u>	<u>180,604</u>

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**NOTE 17. LONG-TERM DEBT**

**Energy Efficiency Revolving Fund Loan**

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	36,607	7,215
2018	36,607	7,215
2019	36,607	7,215
2020	36,607	7,215
2021	36,607	7,215
2022-2024	112,531	21,645
Total	\$ 295,566	57,720

Restricted cash at June 30, 2016 in the amount of \$490,592, held in the NMFA Projects Fund 69100, represents debt reserves held with the New Mexico Finance Authority and is restricted for that purpose.

**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, 2016, were as follows:

<u>Governmental Fund Description</u>	<u>Fund</u>	<u>Balance Due State General Fund</u>
General Operating Fund	19300	\$ *29,518
Arts in Public Places Fund	69800	*13,685
Enterprise Fund	53000	*3,290
<b>Total</b>		\$ 46,493

\* 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

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**NOTE 19. FUND BALANCE**

- 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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**NOTE 19. FUND BALANCE**

A summary of the nature and purpose of these reserves by fund type at June 30, 2016, 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		\$ -	444,194
<b>Total General Operating Fund:</b>		-	444,194
<b>Capital Improvement Projects:</b>			
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	-	(120,031)
Art in Public Places Fund	Laws of 1986 Chapter 11	812,461	-
<b>Total Capital Projects:</b>		812,461	(120,031)
<b>Special Revenue:</b>			
15% Museum Admissions Fund	Laws of 2005, Chapter 277	1,592,162	-
Museum Collections Fund	Laws of 2005, Chapter 121	189,649	-
Rural Libraries Development Fund	Laws of 2007, Chapter 83	900	-
<b>Total Special Revenue:</b>		1,782,711	-
<b>Debt Service:</b>			
NMFA Projects Fund	Laws of 2003, Chapter 430	1,373,465	-
<b>Total Debt Service:</b>		1,373,465	-
<b>Total Fund Balance</b>		\$ 3,968,637	324,163

\$274,006 in non-spendable fund balance within the general operating fund is a result of inventory held in that fund at June 30, 2016.

**NOTE 20. DEFICIENT FUND BALANCE**

The following fund had a deficient fund balance at June 30, 2016:

Capital Projects Laws 10, 11, 12, 13 (89200)      \$ 120,031

DCA is addressing the negative fund balance and is planning to take the appropriate actions to eliminate the negative balance.

**NOTE 21. 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, 2016**

**NOTE 22. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the DCA's Financial Statements.

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the DCA's financial Statements.

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 County adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the DCA's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the DCA's financial statements.

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 23. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

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* GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Units – an amendment to GASB Statement No. 14*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

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, 2016**

	Special Revenue Funds		Total Non-Major Governmental Funds
	25600 Museum Collections Fund	59100 Rural Libraries Development	
<b>ASSETS</b>			
Interest in state treasurer general fund investment pool	\$ 189,649	900	190,549
Other receivables, net	-	-	-
Due from federal governments	-	-	-
Due from other state agencies	-	-	-
Due from local governments	-	-	-
Due from other funds	-	-	-
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 189,649</b>	<b>900</b>	<b>190,549</b>
<b>LIABILITIES 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>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	189,649	900	190,549
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>189,649</b>	<b>900</b>	<b>190,549</b>
<b>Total liabilities and fund balances</b>	<b>\$ 189,649</b>	<b>900</b>	<b>190,549</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, 2016**

	Special Revenue Funds		Total Non-Major Governmental Funds
	25600 Museum Collections Fund	59100 Rural Libraries Development	
Revenues			
Grants from other governments	\$ -	-	-
Interest revenue	365	-	365
Other state funds	-	-	-
Federal grants and contracts	-	-	-
Private gifts and grants	-	-	-
Miscellaneous	50,856	-	50,856
<b>Total revenues</b>	<b>51,221</b>	<b>-</b>	<b>51,221</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)	51,221	-	51,221
Other Financing Sources (Uses)			
Transfers - Reversions 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>51,221</b>	<b>-</b>	<b>51,221</b>
Fund balances, beginning of year	138,428	900	139,328
<b>Fund balances, end of year</b>	<b>\$ 189,649</b>	<b>900</b>	<b>190,549</b>

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 20,111,000	20,276,400	20,276,400	-
Intra-state Transfers	125,000	125,000	7,770	(117,230)
Federal Grants	93,800	93,800	81,362	(12,438)
Earned Revenues	3,720,200	3,760,200	3,493,178	(267,022)
Private Gifts and Grants	-	-	-	-
15 % Museum Admissions Fund	470,900	470,900	308,930	(161,970)
<b>Total Revenue</b>	<u>24,520,900</u>	<u>24,726,300</u>	<u>24,167,640</u>	<u>(558,660)</u>
Prior Year Cash Budgeted	450,000	1,006,150		
Total Budget Revenues	<u>24,970,900</u>	<u>25,732,450</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	17,681,600	18,237,700	17,986,325	251,375
Contractual Services	1,332,900	1,255,350	1,029,389	225,961
Other Operating Costs	5,956,400	6,239,400	5,232,309	1,007,091
<b>Total Expenditures</b>	<u>24,970,900</u>	<u>25,732,450</u>	<u>24,248,023</u>	<u>1,484,427</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(80,383)</u>	<u>925,767</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 684,600	684,600	684,600	-
Intra-state Transfers	-	-	-	-
Federal Grants	1,286,500	1,286,500	1,113,630	(172,870)
Earned Revenues	2,681,000	2,681,000	1,865,549	(815,451)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>4,652,100</u>	<u>4,652,100</u>	<u>3,663,779</u>	<u>(988,321)</u>
Prior Year Cash Budgeted	<u>142,500</u>	<u>40,400</u>		
Total Budget Revenues	<u>4,794,600</u>	<u>4,692,500</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	3,541,900	3,339,800	2,977,833	361,967
Contractual Services	569,700	519,700	88,244	431,456
Other Operating Costs	<u>683,000</u>	<u>833,000</u>	<u>571,593</u>	<u>261,407</u>
<b>Total Expenditures</b>	<u>4,794,600</u>	<u>4,692,500</u>	<u>3,637,670</u>	<u>1,054,830</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>26,109</u>	<u>66,509</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 4,302,100	4,160,900	4,160,900	-
Intra-state Transfers			-	-
Federal Grants	1,525,600	1,525,600	1,383,120	(142,480)
Earned Revenues	75,100	75,100	47,031	(28,069)
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>5,902,800</u>	<u>5,761,600</u>	<u>5,591,051</u>	<u>(170,549)</u>
Prior Year Cash Budgeted	-	-		
Total Budget Revenues	<u>5,902,800</u>	<u>5,761,600</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	2,677,600	2,501,600	2,463,525	38,075
Contractual Services	1,116,800	1,001,500	980,868	20,632
Other Operating Costs	<u>2,108,400</u>	<u>2,258,500</u>	<u>2,138,729</u>	<u>119,771</u>
<b>Total Expenditures</b>	<u>5,902,800</u>	<u>5,761,600</u>	<u>5,583,122</u>	<u>178,478</u>
Excess (Deficiency) of revenues over expenditures	-	-	<u>7,929</u>	<u>7,929</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 4,034,500	3,959,500	3,959,500	-
Intra-state Transfers	-	-	-	-
Federal Grants	-	-	-	-
Earned Revenues	31,100	31,100	42,827	11,727
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	25	25
<b>Total Revenue</b>	<u>4,065,600</u>	<u>3,990,600</u>	<u>4,002,352</u>	<u>11,752</u>
Prior Year Cash Budgeted	<u>500,000</u>	<u>520,000</u>		
Total Budget Revenues	<u>4,565,600</u>	<u>4,510,600</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	3,492,600	3,512,600	3,482,352	30,248
Contractual Services	579,100	579,100	469,603	109,497
Other Operating Costs	<u>493,900</u>	<u>418,900</u>	<u>347,932</u>	<u>70,968</u>
<b>Total Expenditures</b>	<u>4,565,600</u>	<u>4,510,600</u>	<u>4,299,887</u>	<u>210,713</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(297,535)</u>	<u>222,465</u>
<b>Cash Balance Carryforward</b>	<u>\$ -</u>	<u>-</u>		
<b>Reconciliation to GAAP Basis:</b>				
Prior year general fund reversion			<u>(25)</u>	
Excess (Deficiency) of revenues over expenditures			<u>(297,560)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 1,555,900	1,422,900	1,422,900	-
Intra-state Transfers	-	-	-	-
Federal Grants	568,600	717,726	645,773	(71,953)
Earned Revenues	-	-	-	-
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>2,124,500</u>	<u>2,140,626</u>	<u>2,068,673</u>	<u>(71,953)</u>
Prior Year Cash Budgeted	<u>49,800</u>	<u>-</u>		
Total Budget Revenues	<u>2,174,300</u>	<u>2,140,626</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	925,800	853,000	849,450	3,550
Contractual Services	1,087,600	1,052,600	1,039,196	13,404
Other Operating Costs	<u>160,900</u>	<u>235,026</u>	<u>180,027</u>	<u>54,999</u>
<b>Total Expenditures</b>	<u>2,174,300</u>	<u>2,140,626</u>	<u>2,068,673</u>	<u>71,953</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
General Fund Appropriations	\$ 470,000	920,000	770,000	(150,000)
Intra-state Transfers	-	-	-	-
Federal Grants	-	-	-	-
Earned Revenues	-	-	-	-
Private Gifts and Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>470,000</u>	<u>920,000</u>	<u>770,000</u>	<u>(150,000)</u>
Prior Year Cash Budgeted	-	550,000		
Total Budget Revenues	<u>470,000</u>	<u>1,470,000</u>		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	101,000	1,101,000	1,101,000	-
Contractual Services	324,251	324,251	121,954	202,297
Other Operating Costs	44,749	44,749	44,749	-
<b>Total Expenditures</b>	<u>470,000</u>	<u>1,470,000</u>	<u>1,267,703</u>	<u>202,297</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>(497,703)</u>	<u>52,297</u>
<b>Reconciliation to GAAP Basis:</b>				
Total budget basis expenditures for FY16			1,267,703	
FY15 amounts reverted and paid during FY16			<u>22,312</u>	
Excess (Deficiency) of revenues over expenditures			<u>1,290,015</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, 2016

	<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	-	-	-	-
Interest	-	-	365	365
Earned Revenues	7,100	7,100	50,856	43,756
Other financing sources	-	-	-	-
<b>Total Revenue</b>	<u>7,100</u>	<u>7,100</u>	<u>51,221</u>	<u>44,121</u>
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other Operating Costs	7,100	7,100	-	7,100
<b>Total Expenditures</b>	<u>7,100</u>	<u>7,100</u>	<u>-</u>	<u>7,100</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>51,221</u>	<u>51,221</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FUND 59300 - HISTORIC PRESERVATION LOAN FUND  
For The Year Ended June 30, 2016

	<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	-	-	-	-
Interest	-	-	1,780	1,780
Earned Revenues	-	-	-	-
Other financing sources	-	-	-	-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>1,780</u>	<u>1,780</u>
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other Operating Costs	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>1,780</u>	<u>1,780</u>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
61200 - BARTLETT TRUST FUND  
For The Year Ended June 30, 2016

	<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	-	-	-	-
Interest	-	-	318	318
Earned Revenues	-	-	-	-
Other Financing Sources	-	-	-	-
<b>Total Revenue</b>	-	-	318	318
Prior Year Cash Budgeted	15,000	15,000		
Total Budget Revenues	15,000	15,000		
<b>Expenditures</b>				
Current:				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other Operating Costs	15,000	15,000	13,369	1,631
<b>Total Expenditures</b>	15,000	15,000	13,369	1,631
Net Change in Fund Balance	\$ -	-	(13,051)	1,949

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, 2016

	<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 16 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 4,686,038	5,386,038	5,072,386	3,610,380	(313,652)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>4,686,038</u>	<u>5,386,038</u>	<u>5,072,386</u>	<u>3,610,380</u>	<u>(313,652)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	309,637	159,637	74,893	7,798	84,744
Other Operating Costs	4,376,401	5,226,401	4,997,493	3,820,966	228,908
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>4,686,038</u>	<u>5,386,038</u>	<u>5,072,386</u>	<u>3,828,764</u>	<u>313,652</u>
Excess (Deficiency) of revenues over (Under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(218,384)</u>	<u>-</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, 2016

	<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 16 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 17,498,340	17,498,340	9,113,848	725,842	(8,384,492)
Other state funds	-	-	-	1,000	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>17,498,340</u>	<u>17,498,340</u>	<u>9,113,848</u>	<u>726,842</u>	<u>(8,384,492)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	7,066,895	7,066,895	4,098,870	329,681	2,968,025
Other Operating Costs	10,431,445	10,431,445	5,014,978	1,081,316	5,416,467
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>17,498,340</u>	<u>17,498,340</u>	<u>9,113,848</u>	<u>1,410,997</u>	<u>8,384,492</u>
Excess (Deficiency) of revenues over (Under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(684,155)</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, 2016

	<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 16 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Variance Positive (Negative)</u>
<b>Revenues</b>					
Bond Proceeds	\$ 24,288,438	24,288,438	17,309,344	8,178,746	(6,979,094)
Other state funds	-	-	-	-	-
Federal Grants	-	-	-	-	-
Earned Revenues	-	-	-	-	-
Cash balance rebudgeted	-	-	-	-	-
<b>Total Revenue</b>	<u>24,288,438</u>	<u>24,288,438</u>	<u>17,309,344</u>	<u>8,178,746</u>	<u>(6,979,094)</u>
<b>Expenditures</b>					
Current:					
Personnel Services and Benefits	-	-	-	-	-
Contractual Services	2,127,252	1,992,068	918,981	584,025	1,073,087
Other Operating Costs	22,155,546	22,290,730	16,390,363	7,714,940	5,900,367
Capital outlay	5,640	5,640	-	-	5,640
<b>Total Expenditures</b>	<u>24,288,438</u>	<u>24,288,438</u>	<u>17,309,344</u>	<u>8,298,965</u>	<u>6,979,094</u>
Excess (Deficiency) of revenues over (Under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(120,219)</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, 2016

Name of Depository	Account Name	Fund	Fund Type	Type of Account	Interest Bearing	Reconciled Balance at 6/30/2016
<b>General Fund</b>						
State Treasurer	General Operating Account	19300	General	State Treasurer	No	\$ 1,828,803
<b>Special Revenue Funds</b>						
State Treasurer	15% Museum Admission Funds	19400	Special Revenue	State Treasurer	No	1,094,092
State Treasurer	Museum Collections Fund	25600	Special Revenue	State Treasurer	No	189,649
State Treasurer	Rural Libraries Development	59100	Special Revenue	State Treasurer	No	900
						<u>1,284,641</u>
<b>Capital Projects Funds</b>						
State Treasurer	Capital Projects, Laws 2007	26300	Capital Projects	State Treasurer	No	-
State Treasurer	Arts in Public Places Fund	69800	Capital Projects	State Treasurer	No	184,999
State Treasurer	Capital Projects, Laws 10, 11, 12	89200	Capital Projects	State Treasurer	No	-
						<u>184,999</u>
<b>Debt Service Fund</b>						
State Treasurer	NMFA Projects Fund	69100	Debt Service	State Treasurer	No	1,376,327
<b>Total Governmental Funds</b>						<u>4,674,770</u>
<b>Enterprise Fund</b>						
State Treasurer	Enterprise Fund	53000	Enterprise	State Treasurer	No	698,039
<b>Fiduciary Funds</b>						
State Treasurer	Historic Preservation Revolving Agency	59300	Agency	State Treasurer	No	404,868
State Treasurer	Bartlett Trust Fund	61200	Trust	State Treasurer	Yes	130,001
State Treasurer	Main Street Revolving Loan Agency	20070	Agency	State Treasurer	No	66,408
<b>Total Fiduciary Funds</b>						<u>601,277</u>
<b>Total Interest in State Treasurer General Fund Investment Pool</b>						<u>\$ 5,974,086</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, 2016

Open Projects/Appropriation Period	Appropriation ID	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Reversions	Reauthorized	Unencumbered Remaining Balance
<b>Art in Public Places -</b>							
<b>Non-expiring, non-reverting</b>							
Art in Public Places	GOB07 466	1,221,450	591,909	-	-	-	629,541
Art in Public Places	GOB09 466	1,749,926	370,860	-	-	-	1,379,066
Art in Public Places	GOB11 466	36,120	-	-	-	-	36,120
Art in Public Places	GOB13 466	486,000	-	-	-	-	486,000
Art in Public Places	GOB15 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>		7,500,421	1,489,784	-	-	-	6,010,637

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, 2016

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	699,859	-	141	-	-
Statewide Library books, equipment & library resources acquisitions	A121233	3,000,000	2,999,391	-	609	-	-
<b>Total</b>		<u>3,700,000</u>	<u>3,699,250</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>-</u>
<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	496,465	2,492,527	-	-	11,008
Statewide Tribal Library books, equipment, library resources acquisitions and capital improvements	A141290	800,000	121,285	676,715	-	-	2,000
<b>Total</b>		<u>3,800,000</u>	<u>617,750</u>	<u>3,169,242</u>	<u>-</u>	<u>-</u>	<u>13,008</u>
<b>Total General Obligations Bonds</b>		<u>7,500,000</u>	<u>4,317,000</u>	<u>3,169,242</u>	<u>750</u>	<u>-</u>	<u>13,008</u>
<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/Torreon Project including bldg.	A083030**	285,000	285,000	-	-	-	-
NHCC/Torreon Project including bldg.	A16A4018***	136,126	-	-	-	-	136,126
<b>Total</b>		<u>421,126</u>	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,126</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, 2016**

<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	1,774,698	1,446	-	-	23,856
<b>Total</b>		<b>2,363,000</b>	<b>2,236,490</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>125,064</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	250,000	-	-	-	-
DCA/Mus-Mon Statewide Renovations	A121283	500,000	499,860	-	140	-	-
<b>Total</b>		<b>750,000</b>	<b>749,860</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>-</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	490,500	9,500	-	-	-
Santa Fe Childrens Museum Improvements	A131246	117,336	105,602	-	-	-	11,734
Cultural Facilities Complete & Equip	A131247	2,500,000	2,015,451	18,518	-	-	466,031
Museums & Monuments Critical Repairs SW	A131248	3,000,000	2,752,545	225,989	-	-	21,466
<b>Total</b>		<b>6,117,336</b>	<b>5,364,098</b>	<b>254,007</b>	<b>-</b>	<b>-</b>	<b>499,231</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, 2016**

<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 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>		<b>795,500</b>	<b>230,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>564,753</b>
<b>Laws of 2015, Ch. 03, Sec. 8/1,2,3,4,5,6,7,8,9,10,11,12,13</b>							
<b>14,15,16,17,18,19,20,21,22,23,24</b>							
<b>Appropriation Period FY16-FY20</b>							
<b>Expire 06/30/2020</b>							
Natl Hispanic Cultural Ctr Improve	A150197	424,000	421,292	-	-	-	2,708
Nm Museum Of Natural History & Science Improve	A150198	425,000	410,209	12,716	-	-	2,075
Bosque Redondo Mem & Ft Sumner Historic Site Imp	A150199	75,000	-	-	-	-	75,000
NM Farm & Ranch Heritage Museum Improve	A150200	400,000	384,972	-	-	-	15,028
Taylor Reynolds Barela Mesilla Historic Site	A150201	187,500	-	-	-	-	187,500
Fort Selden Historic Site Improve	A150202	75,000	-	-	-	-	75,000
Ft Stanton Historic Site Barracks & Exhibit	A150203	40,000	-	-	-	-	40,000
Lincoln Historic Site Bldg Windows/Doors	A150204	20,000	-	-	-	-	20,000
Museum Of Space History Improve	A150205	400,000	175,159	135,278	-	-	89,563
Coronado Historic Site Ruins Footprint	A150206	38,600	-	-	-	-	38,600
Jemez Historic Site Giusewa Pueblo/Mission	A150207	25,000	24,750	-	-	-	250
CNMA Rolling Shelving	A150208	250,000	250,000	-	-	-	-
Museum Of Indian Arts & Culture Exhibit Improve	A150209	165,000	-	-	-	-	165,000
Museum Resources Div Halpin Bldg Infra Upgrades	A150210	300,000	147,793	-	-	-	152,207
NM Museum Of Art Improve	A150211	429,000	138,947	29,656	-	-	260,397
Palace Of The Governors Improve	A150212	680,000	308,948	148,568	-	-	222,484
Santa Fe Children's Museum Improvements	A150213	105,000	66,160	22,563	-	-	16,277
Santa Fe Ctr For Contemporary Arts Improve	A150214	65,000	65,000	-	-	-	-

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, 2016

Open Projects/Appropriation Period	Appropriation ID	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Reversions	Reauthorized	Unencumbered Remaining Balance
<b>Laws of 2015, Ch. 03, Sec. 8/1,2,3,4,5,6,7,8,9,10,11,12,13 14,15,16,17,18,19,20,21,22,23,24 (Continued)</b>							
<b>Appropriation Period FY16-FY20</b>							
<b>Expire 06/30/2020</b>							
Santa Fe Museum Hill Campus Improve	A150215	390,000	342,325	-	-	-	47,675
El Camino Real Historic Site Amphitheater Shade	A150216	35,000	-	-	-	-	35,000
Bookmobile For Rural Library Services Statewide	A150217	81,190	-	-	-	-	81,190
CAD Bookmobile	A150218	300,000	-	-	-	-	300,000
CAD Historic Sites & Monuments	A150219	300,000	81,184	24,630	-	-	194,186
CAD Museums/Monuments/Sites/Resource Facilities	A150220	300,000	209,906	8,170	-	-	81,924
<b>Total</b>		<b>5,510,290</b>	<b>3,026,645</b>	<b>381,581</b>	<b>-</b>	<b>-</b>	<b>2,102,064</b>
<b>Total Severance Tax Bonds</b>		<b>\$ 16,957,252</b>	<b>12,892,839</b>	<b>637,034</b>	<b>140</b>	<b>-</b>	<b>3,427,239</b>

\*Reauthorizations

\*\* A083030 - \$163,361 was recouped through June 30, 2016.

\*\*\* A16A4018 - \$136,126 New Appropriation ID

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Historic Preservation Revolving Fund (59300)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 399,214	5,654	-	404,868
Loans receivable	46,856	-	(3,874)	42,982
<b>Total Assets</b>	<b>\$ 446,070</b>	<b>5,654</b>	<b>(3,874)</b>	<b>447,850</b>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 446,070	5,654	(3,874)	447,850
<b>Total Liabilities</b>	<b>\$ 446,070</b>	<b>5,654</b>	<b>(3,874)</b>	<b>447,850</b>
<b>Main Street Revolving Loan Fund (20070)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 66,408	-	-	66,408
<b>Total Assets</b>	<b>\$ 66,408</b>	<b>-</b>	<b>-</b>	<b>66,408</b>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 16,408	-	-	16,408
Other liabilities	50,000	-	-	50,000
<b>Total Liabilities</b>	<b>\$ 66,408</b>	<b>-</b>	<b>-</b>	<b>66,408</b>

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
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	8/31/2014	8/31/2019	N/A	\$ 210,912	DCA/APS	DCA/APS
Albuquerque Bernalillo County Water Authority	DCA/WUA	WUA and National Hispanic Culture Center to partner on educational program about Rio Grande River.	1/28/2016	6/30/2018	TBD	\$ -	DCA/WUA	DCA/WUA
Bureau of Land Management	DCA / BLM	Permian Basin Projects in New Mexico Agreement #L12AC20122	10/1/2012	9/30/2017	\$ 500,000	\$ -	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	\$ 7,029	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	\$ 112,000	\$ 56,240	DCA/BLM	DCA HPD
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 Albuquerque	DCA/ABQ	Agreement with Historic Preservation Division and City on adaptive use and preservation of ABQ Rail Yards	12/7/2015	indefinite	N/A	N/A	DCA	DCA
DCA Office of Archaeological Studies	DCA HPD / DCA OAS	Records Access Agreement NMCRIS	9/18/2013	9/18/2016	\$ 3,000	\$ 1,000	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

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
Friends of the Bosque Redondo Memorial	DCA/Friends Group	General operating agreement between friends group and the Bosque Redondo Memorial at Fort 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
Friends of the New Mexico Farm and Ranch Heritage Museum	DCA/Museum Foundation	Operate an enterprise program that includes a brand block program, theater seat, commemorative benches.	8/9/2016	8/9/2019	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 NMCRIS-ARMS Data Base JATHPO-30APR14	4/30/2014	4/29/2017	\$ 7,500	\$ 2,500	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



STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
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 Museum of New Mexico	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 Natural History 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
National Hispanic Cultural Center Foundation	DCA/Museum Foundation	General operating agreement between foundation and the National Hispanic Cultural Center including reimbursement of NHCC executive director time spent on fundraising	5/7/2015	Termination by mutual consent	Varies	\$ 22,610	Foundation	Foundation
National Park Service	DCA / NPS	Natural History Museum storage of paleontological specimens from Guadalupe Mountains National Park	11/20/2015	11/20/2035	N/A	N/A	DCA / NPS	DCA HPD
National Park Service	DCA / NPS	FFY2014 Annual Grant #35-14-121167 (#P14AF00181)	10/1/2013	9/30/2015	\$ 788,228	\$ 162,510	DCA / NPS	DCA HPD
National Park Service	DCA / NPS	FFY 2015 Annual Grant #35-15-131230 (#P15AF00048)	10/1/2014	9/30/2016	\$ 788,228	\$ 574,795	DCA / NPS	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, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
National Park Service	DCA / NPS	FFY 2016 Annual Grant #35-16-141293 (#P16AF00047)	10/1/2015	9/30/2017	\$ 788,228	\$ 108,831	DCA / NPS	DCA HPD
National Park Service Historic Preservation Fund - GRANTS TO UNDERREPRESENTED COMMUNITIES	DCA / NPS	Grant #P15AP00015 - FFY2014 HPF Grants to Underrepresented Communities Pueblo Legacy and Summits.	10/1/2014	9/30/2016	\$ 59,620	\$ 5,959	DCA / NPS	DCA HPD
NM Children, Youth, and Families Department	DCA/CYFD	Collaboration to display Heart Gallery (highlighting adoption) in museums	11/16/2015	6/30/2018	N/A	N/A	DCA/CYFD	DCA/CYFD
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	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
New Mexico State University/University of NM	NMSU/UNM/DCA	Implement shared responsibility and duties of Federal Regional Depository Library at DCA State Library with UNM & NMSU	6/1/2015	Termination with either party with 180 days notice	N/A	N/A	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 NMCRIIS-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

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
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
NM Higher Education Department	DCA/HED	PED to administer Literacy Contract during FY16	7/1/2015	6/30/2016	\$ 750,000	\$ 750,000	DCA	DCA
NM Public Education Department	DCA/PED	Provide access to DCA to the Learning Management System of the IDEAL-NM system	10/1/2015	6/30/2016	N/A	N/A	PED	PED
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 Armory 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 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
NM State Land Office	DCA/State Land Office	NMCRIS-ARMS Data Base access for Land Office staff	6/30/2016	6/30/2020	\$ 25,000	\$ 672	DCA/SLO	DCA/SLO
Public Service Company of New Mexico	DCA / PNM	Records Access Agreement NMCRIS #PNM_1JAN16	1/1/2016	12/31/2018	\$ 3,000	\$ 1,000	DCA	DCA HPD
Santa Fe Community College	DCA/SFCC	With NM History Museum collaborate on development & presentation on NM History course	5/19/2015	6/30/2017	N/A	N/A	N/A	N/A

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
Tides Foundation	DCA /NM Railroad NR	Grant #TRF15-02647	9/25/2015	6/30/2016	\$ 10,000	\$ 10,000	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
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	\$ 25,157	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	\$ 30,000	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	\$ 20,000	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-15-0047	5/15/2015	3/30/2017	\$ 10,000	\$ 1,796	DCA / Forest Service	DCA HPD
USDA Forest Service	DCA / Forest Service	SITE WATCH Agreement #AG-8371-P-16-0031	5/31/2016	9/29/2017	\$ 10,000	ZERO	DCA / Forest Service	DCA HPD
USDA Natural Resources Conservation Service	DCA/NRCS	NMCRIS-ARMS Data Base #AG-8C30-P-14-0008	10/1/2014	9/30/2017	base fee \$5.0K annually; additional revenue based on per-record search charge (\$50.00 each)	\$ 13,300	DCA/NRCS	DCA HPD
University of New Mexico	DCA/UNM	Project with Anderson School of Business on expansion of arts based cultural economy.	3/30/2016	6/30/2016	\$ 15,000	\$ 15,000	DCA/UNM	DCA/UNM

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER GOVERNMENTAL AGREEMENTS  
As of June 30, 2016

Participant with Department of Cultural Affairs	Responsible Party	Description	Beginning Date	Ending Date	Total Amount of Agreement	Amount Applicable to DCA - FY16	Audit Responsibility	Agency Reporting Revenue/Expense
Utah State Library	DCA/Utah State Library	The Utah State Library will provide braille services to NM residents identified by the NM State Library.	7/1/2015	6/30/2017	Up to \$5,000 in FY16, \$4,000 in FY17	\$ -	DCA/Utah	Utah/DCA

DEPARTMENT OF CULTURAL AFFIARS  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2016  
 Prepared by Agency Staff Name: Gerl Garcia, Contracts Manager Date: November 21, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>Name of Component Unit</i>
	Cultural Affairs											Cultural Atlas	
505 Department	State Agencies		505-15-1001	RFP	STQRY, INC	Winner	99,500		Seattle, WA	No	No	Development	
	Cultural Affairs												
505 Department	State Agencies					Loser			Albuquerque, NM	Yes	No		
	Cultural Affairs												
505 Department	State Agencies					Loser			Albuquerque, NM	Yes	No		
	Cultural Affairs												
505 Department	State Agencies					Loser			Corrales, NM	Yes	No		
	Cultural Affairs												
505 Department	State Agencies					Loser			Albuquerque, NM	Yes	No		
	Cultural Affairs												
505 Department	State Agencies		60-505-16-07656	RFP	AMP Concerts	Winner	390,000		Albuquerque, NM	Yes	No	Cultural Collaborative	
	Cultural Affairs												
505 Department	State Agencies					Loser			Santa Fe, NM	Yes	No		
	Cultural Affairs												
505 Department	State Agencies			Sole Source	New Mexico Coalition for Literacy	Winner	755,000		Santa Fe, NM	Yes	No	Adult literacy services	
	Cultural Affairs												
	Cultural Affairs												
505 Department	State Agencies			Sole Source	New Mexico Humanities Council	Winner	125,000					New Mexico participation in National History Day.	

## **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, 2016, 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 18, 2016.

**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.

### **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 18, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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 Compliance Supplement* that could have direct and material effect on each of DCA's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

## 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
November 18, 2016

STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2016

<u>Federal Agency / Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>Department of Agriculture</b>				
Natural Resources Conservation Service				
Agreement #AG-8C30-P-14-0008	10.Unknown		\$ -	13,300
Total Natural Resources Conservation Service			-	13,300
Forest Service				
Agreement #14-CS-11031600-046	10.Unknown		-	20,000
Total Forest Service			-	20,000
<b>Total Department of Agriculture</b>			-	33,300
<b>U.S. Department of the Interior</b>				
Bureau of Land Management				
ARMS Cultural Resource Data Sharing #L14AC00189	15.224		-	56,240
SiteWatch Agreement #L11AC20140	15.238		-	5,467
SiteWatch Agreement #L14AC00237 0001-0000	15.238		-	1,562
Total Bureau of Land Management			-	63,269
Bureau of Reclamation				
Cultural Resource Management #R12AC40028	15.511		-	10,000
Total Bureau of Reclamation			-	10,000
National Park Service				
HPD - 2014 Nat Parks Services HPF #P14AF00181	15.904		-	162,510
HPD - 2015 Nat Parks Services HPF #P15AF00048	15.904		-	574,796
HPD - 2016 Nat Parks Services HPF #P16AF00047	15.904		-	108,831
Underrepresented Communities Pueblo Legacy & Summits #P15AP00015	15.928		-	5,959
Total National Park Service			-	852,096
<b>Total U.S. Department of the Interior</b>			-	925,365
<b>National Endowment for the Arts</b>				
NEA - Partnership Grant #14-6100-2030	45.025		-	21,001
NEA - Partnership Grant #15-6100-2033	45.025		-	624,772
<b>Total National Endowment for the Arts</b>			-	645,773
<b>Institute of Museum and Library Services</b>				
LSTA State Grant LS-00-14-0032-14	45.310		-	373,198
LSTA State Grant LS-00-15-0032-15	45.310		-	989,923
LSTA State Grant LS-00-16-0032-16	45.310		-	20,000
<b>Total Institute of Museum and Library Services</b>			-	1,383,121
<b>Total Federal Expenditures</b>			\$ -	2,987,559

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal grant activity of the New Mexico Department of Cultural Affairs ("DCA") under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, changes in net assets, or cash flows 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. DCA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - NON-CASH ASSISTANCE**

DCA did not receive any federal non-cash assistance during the year ended June 30, 2016.

**NOTE 4 - SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, DCA did not provide federal awards to sub-recipients.

**NOTE 5 - RECONCILIATION TO FINANCIAL STATEMENTS**

Federal Revenues and Contracts - Governmental Funds:	\$	3,140,874
(Less) MIAC Vendor Agreements/Contracts:		<u>(153,315)</u>
Total Federal Revenues:		<u>2,987,559</u>
Expenditures per SEFA Schedule:		<u>2,987,559</u>
Difference:	\$	<u>-</u>

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

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

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

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiency identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes \_\_\_\_\_ X 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 the Uniform Guidance? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Identification of Major Program**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
45.310	Institute of Museum and Library Services

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

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

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS**

**No financial statement findings were identified.**

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

**No federal award findings were identified.**

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

**No comments included in accordance with the New Mexico State Auditor Rule were identified.**

**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**STATUS OF PRIOR YEAR FINDINGS**

<b><u>Description</u></b>	<b><u>Status</u></b>
2013-016 Lack of Controls over Cash Deposits	Resolved
2014-001 Subrecipient Monitoring	Resolved
2015-001 Reporting	Resolved



**STATE OF NEW MEXICO  
DEPARTMENT OF CULTURAL AFFAIRS  
EXIT CONFERENCE  
June 30, 2016**

The contents of this report were discussed in the exit conference held on November 18, 2016, with the following in attendance:

**Representing the Department of Cultural Affairs:**

Veronica Gonzales	Cabinet Secretary
Greg Geisler	ASD Director
Eve Banner	Account Manager
Ron Lucero	Budget Director
Donna Martinez	Accountant & Auditor

**Representing Axiom:**

Chris Garner, CPA	Partner
Bryan Runyan	Assurance Supervisor

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.