

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND
NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico**

**FINANCIAL STATEMENTS
June 30, 2014**

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**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
OFFICIAL ROSTER
June 30, 2014**

Office of the Secretary

David Martin, Cabinet Secretary

Brett F. Woods, Deputy Cabinet Secretary

Division Directors

Ronald Cruz, Director, Administrative Services

Bersabe Rodriguez, Chief Financial Officer

Fernando Martinez, Director, Mining and Minerals

Jami Bailey, Director, Oil Conservation

Louise Martinez, Director, Energy Conservation and Management

Tony Delfin, Director, Forestry Division

Tommy Mutz, Director, State Parks Division

Joe I. Montano, Information Systems Manager



CliftonLarsonAllen

Independent Auditors' Report

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State of New Mexico Energy, Minerals
and Natural Resources Department and
Mr. Hector H. Balderas
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico Energy, Minerals, and Natural Resources Department (the Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's nonmajor governmental and fiduciary funds and the budgetary comparisons for the major capital project fund, 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, 2014, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and fiduciary fund of the Department as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project fund, 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 the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2014, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 21, the beginning fund balance and net position required a restatement to correct a misstatement in the June 30, 2013 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2.NMAC as identified in the table of contents 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 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 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 4, 2014

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The State of New Mexico Energy, Minerals, and Natural Resources Department's (the Department) discussion and analysis is designed to assist the reader in focusing on significant financial issues; provide an overview of the Department's financial activity, identify changes in the Department's financial position (e.g. ability to address future year challenges), identify any material deviations from the financial plan, and identify any fund issues of concern.

Management's Discussion and Analysis (MD&A) is designed to focus on the past year's activities, resulting changes and currently known facts. Please read this report in conjunction with the Department's financial statements and notes which follow this section.

Financial Highlights

- The Department's governmental net position decreased by \$342,737 (net of current change in net position of \$1,930,734 and restatement of \$1,587,997) in fiscal year 2014.
- The Department's total revenues increased by \$3,035,056 for fiscal year 2014.
- The total cost of all Department programs was \$69,004,102, an increase of \$2,360,183 for fiscal year 2014.

Mission

The mission of the Department is to position New Mexico as a leader in energy and natural resource management. To meet this mandate, the Department uses a flexible, team-based management system that is proactive, demands accountability and concentrates on customer service. The system allows the Department to provide leadership in the protection, management, conservation and responsible use of the state's natural resources.

The Department is charged with protecting the environment and ensuring the reclamation of land and resources affected by mining activities; growing and sustaining healthy forests; leading the development of reliable energy supplies; and improving the state's parks system while sustaining cultural and natural resources.

Program Highlights

Youth Conservation Corps. The Youth Conservation Corps (YCC) Commission continues to improve relationships with educational institutions, non-profit organizations, local governments, federal and state agencies and our Project Sponsors. By developing strong partnerships, the YCC Commission is confident that YCC is expanding its services and opportunities to Corps members. This support is important to the success of each project because of the opportunity to leverage funds and, by leveraging funds, expand the projects. In FY14, the YCC Commission funded 41 projects. The New Mexico Association of Conservation Districts and the San Juan Soil and Water Conservation District were new partners. Both projects were very successful and innovative. Because of the success of these two projects, additional interest in the YCC Program has been shown by other soil and water conservation districts. Three communities have received funding in order to establish crews for forest thinning and wildfire suppression projects. These projects are highly valuable to the state for natural resources protection. In addition, these projects provide training to individuals interested in pursuing a career in fire suppression.

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Renewable Energy and Energy Efficiency. The Energy Conservation and Management Division (ECMD) plans and administers the Renewable Energy and Energy Efficiency Program. The Program develops and implements effective clean energy programs – renewable energy, energy efficiency and conservation, alternative fuels, and safe transportation of radioactive waste – to promote and administer policies for environmental and economic sustainability, and to protect public health and safety for New Mexico and its citizens. The Program's goals of reduced energy consumption and expenditures, and effective administration of federally funded programs, has led to many achievements for the state, including generation of new jobs and revenues; environmental protection and improvement; enhancement of public health; decreased consumptive water use for power generation; decreased dependence on foreign oil; and greater energy security. ECMD provides services to implement statutorily-required state and federal clean energy programs. Technical assistance is provided to the general public, industry, and state-funded agencies on renewable energy, energy efficiency, conservation, alternative transportation, and building codes. Furthermore, ECMD provides oversight for five Clean Energy tax incentive programs; administers federal programs; reviews technical studies to provide certifications as required by law; manages and administers policies for safe transportation of radioactive waste; compiles reports required under existing federal and state legislation; and monitors Clean Energy projects.

Beneficiaries vary by program area and include individual citizens/taxpayers, corporate taxpayers, landowners, facility owners, utilities, renewable energy developers, and private-sector businesses and vendors contracted for energy efficiency and renewable energy projects. Public sector beneficiaries include public schools, universities and community colleges, state government agencies, cities, counties, and tribal organizations.

Healthy Forests Program. The Forestry Division's role is to protect New Mexico's forests and watershed health. This mission is largely driven on two fronts: 1) by advocating for forest restoration and watershed health and 2) by preventing and suppressing wildland fires. Forest and watershed health efforts require strong partnerships and collaborations between and among local, state, tribal, federal and private entities. The Forestry Division provides the leadership that drives those partnerships and collaborations. The Division's field offices follow the New Mexico Forest and Watershed Health Plan and the New Mexico Statewide Natural Resources Assessment and Strategy Plan for establishing and maintaining a collaborative, landscape-scale framework for these efforts.

The FY 14 fire season was less severe in terms of number of fires and number of acres burned. This year, the Division had 376 fires that burned approximately 14,017 acres. Most of the large fire activity occurred on federal and tribal lands in New Mexico. The Division believes the re-positioning of additional fire suppression forces helped to keep many fires small and less expensive. In FY 14, the Division provided training to 2,074 non-federal wildland firefighters throughout the state and assisted 133 at-risk communities with funding for wildland firefighting equipment and training.

The FY 15 fire season's predicted weather pattern indicates that there are minimal concerns for significant fire potential to develop through the early and mid-winter timeframe due to adequate precipitation over the past six months, as well as the expectation of a varied weather pattern. There is some concern about the drier area focused from the Four Corners region across the northern half of New Mexico. A pattern change is expected sometime in late December or early

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January, when a more active jet stream and more frequent weather systems will impact New Mexico from the northwest.

Additionally, the Division treated 12,277 acres across the state to increase forest health, reduce hazardous fuels around communities and to restore New Mexico's critical watersheds.

Since July 1, 2014, the Department has leased state land for the newly established Returning Heroes Program in Santa Fe, NM. The Returning Heroes Program trained and employed over 65 military veterans as wildland fire hand crews over the summer. These veterans responded to 4 incidents in New Mexico, Arizona and Washington State. The Division is in the process of hiring additional staff to operate the Program and has ordered crew transport vehicles and modular buildings to house the staff.

Mine Reclamation Program. The Mine Reclamation Program continues to make strides in assuring the responsible utilization, reclamation and safeguarding of New Mexico's lands affected by mining. New Mexico is a leader in responsible mine operation and reclamation.

The Office of the Director (OFD) is responsible for division resource development, policy, planning, administrative and fiscal management, as well as oversight and management of four programs: the Abandoned Mine Land Program (AMLP), the Coal Mine Reclamation Program (CMRP), the Mine Registration, Reporting, and Safeguarding Program (MRRSP), and the Mining Act Reclamation Program (MARP).

The Abandoned Mine Land Program (AMLP) implements a federally funded program that works to reclaim and safeguard its high priority coal and non-coal inventory. AML's mandate is to protect public health, public safety, and property from the danger and adverse effects of historic mining practices, and to restore land, water resources and the environment degraded by the same adverse effects. MMD estimates that more than 10,000 hazardous mine openings remain un-reclaimed throughout New Mexico. In Fiscal Year 2014, AML completed 4 abandoned mine safeguarding construction projects. Completed in October 2013, the Cleveland Mine Safeguard Project safeguarded 30 abandoned mine openings in Grant County, 13 with bat compatible closures. The Bradley Group Mine Safeguard Project – Phase I in Luna County was completed in November 2013 and safeguarded 28 mine openings, 19 with bat compatible closures. Early in the fiscal year, 2 small maintenance projects in Otero and Lincoln counties repaired two previously installed closures, which had been vandalized; both maintenance closures are bat compatible. In August 2013, construction was started on reclamation maintenance at 4 gob (coal mine waste) piles in Sugarite Canyon State Park, and one gob pile damaged by the Track Wildfire in 2011 in nearby Yankee Canyon. At the end of the fiscal year, the Sugarite and Yankee Canyons Project was 82 percent complete. In late June 2014, construction started on an erosion control project on and near gob piles on hill slopes above businesses and residences in Madrid in Santa Fe County. AML continues to develop abandoned mine safeguarding and reclamation projects throughout the state.

The Coal Mine Reclamation Program (CMRP) is responsible for regulating coal mines on all federal, state and private lands within New Mexico, with the exception of Indian lands. CMRP's mandate is to protect the general public, adjacent landowners and the environment from the effects of mining. CMRP oversees more than 85,000 acres of permitted mine lands and nearly \$500 million in financial assurance. CMRP currently has eight coal mines under permit,

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although only 3 – BHP-Billiton's San Juan Underground Mine, Peabody's Lee Ranch Surface Mine, and El Segundo Surface Mine – are currently extracting coal. Chevron's McKinley Mine is within months of completing full reclamation, and the remaining 4 mines are passing through the minimum ten-year post reclamation bond liability period, during which the ability to support the approved post-mine land use is demonstrated. Processing applications for liability bond release, upon demonstration of successful reclamation, is a large part of CMRP's current workload.

CMRP is also permitting new uranium exploration and mining activity under the Mining Act. The interest in new uranium project start-ups tapered off in 2010, and significantly slowed down after the Fukushima nuclear reactor disaster in 2011. Prices remain low in response to reduced fuel demand in Japan and Germany. Uranium permitting is controversial in New Mexico, and applicants' urgency for new uranium mining permits has declined along with uranium prices. Rio Grande Resources' revision application to move the Mount Taylor uranium mine from standby to active status and Roca Honda Resources' interest in working with Acoma Pueblo to put mine discharge water to beneficial use are currently the most active uranium projects.

The Mine Registration, Reporting and Safeguarding Program (MRRSP) functions by ensuring decision-makers throughout New Mexico benefit from the valuable information compiled and disseminated through this program, which also serves as MMD's public information office. Comprehensive information is provided on mineral resources, mine registration, reclamation and safeguarding efforts, legislation, and other MMD activities related to New Mexico's mineral extraction industry and mineral resources. Of special note, mining production value for calendar year 2013 (compiled from mine operator annual reports) totaled more than \$2.8 billion – the highest annual dollar value in the state's history – slightly exceeding the previous highest total in calendar year 2012. The program prides itself on its responsiveness to questions received via telephone or email.

The Mining Act Reclamation Program (MARP) is responsible for regulating hard rock mines on all federal, state and private lands within New Mexico. MARP's mandate is to promote responsible utilization and reclamation of lands affected by exploration and mining. MARP oversees the reclamation of all exploration and extraction activities conducted at all mines and mills, excluding coal, potash and aggregate mines. MARP has permitted 501 mining and exploration projects encompassing over \$694 million in financial assurance. The overall disturbed acreage under permit with MARP is 26,045 acres. The number of acres reclaimed throughout the history of the Program (1994-2014) totals 6,659 acres.

MARP is committing time and resources to the development of remediation designs and planning to reclaim the Questa Mine and Tailings facility in Questa, NM. The site has been under a Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) action for several years. After the announcement of a permanent closure in June 2014, those plans now must be implemented. MARP will continue to commit time and resources to this project for a number of years. After a period when uranium mining seemed to be making a comeback, MARP now spends more time revisiting and developing the permits related to old, existing uranium mines. Some of these projects, such as the Mt. Taylor Standby Project, have included a significant level of public participation. The public is interested in reclaiming these old uranium mines, and MARP has worked to develop guidelines for the reclamation of these types of facilities. Industry interest and funding of new mining and exploration projects have

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shifted back to copper, molybdenum, and precious metals. These commodities' values are increasing, while uranium values are declining. The large copper mines in the southwestern portion of the state continue to operate and, at the same time, implement contemporaneous reclamation on mined areas that are no longer needed. MARP continues to commit resources and time to monitoring reclamation activities and permit modifications to existing permits as these large operations grow and expand.

State Parks. Continuing the legacy of the New Mexico State Parks Commission established in 1933, the New Mexico State Parks Division has grown into a 35-park system that includes 19 lakes and nearly 197,000 surface acres of land and water. State parks can be found in 25 of New Mexico's 33 counties. New Mexicans and visitors to the Land of Enchantment want and deserve access to their natural and cultural resources for enrichment and to improve their quality of life. The Division plays an integral role in creating and sustaining jobs, supporting communities, generating tax revenue, and is critical to driving our state economy. As an essential part of the state's outdoor recreation economy, New Mexico's state parks contribute \$6.1 billion in consumer spending, 68,000 jobs, \$1.7 billion in wages and salaries, and \$458 million in state and local taxes annually (source: Outdoor Industry Association 2013). Visitation at state parks directly correlates to economic activity in the state, particularly in rural areas where many of the parks are located.

The Division is required to generate 69% of its operating budget through self-generated revenues, such as camping and admission fees, concession fees, and other state and federal funds. In FY 14, environmental conditions such as drought and wildfire were not as severe as previous years, culminating in revenue rebounding. Self-generated fee revenue increased by 2.0 percent as compared to FY13.

Park management plans continue to be a critical element of our strategic planning efforts, and 6 plans were processed during FY 14. Park management plans to provide direction for capital improvement funds used in FY14 to ensure compliance with the Americans with Disabilities Act (ADA), increase accessibility to park facilities, procure heavy equipment, procure small fleet utility vehicles, and procure and replace law enforcement vehicles. Notably, in FY 14, \$4.7 million was spent on capital projects, including statewide infrastructure.

The Division continued to research, review, and implement operation and administration efficiency measures during FY 14, such as:

- Negotiating a new statewide lease for Bureau of Reclamation properties.
- Transferred the Recreational Trails Program to the New Mexico Department of Transportation.
- State Parks Advisory Board has undertaken the responsibility of re-establishing the role of the Foundation for State Parks, a non-profit support entity.
- Initiated the process for contracting work for the Statewide Comprehensive Outdoor Recreation Plan.
- Implemented a new Volunteer Database for reporting and tracking of critical volunteer efforts.

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Oil and Gas Conservation Program. The Oil Conservation Division regulates oil, gas and geothermal activity in New Mexico. Specifically, the Division gathers oil and gas well production data; permits new oil, gas and injection wells; enforces Division rules and state oil and gas statutes; and ensures that abandoned wells are properly plugged and that the land is responsibly restored. The Division's goals are to promote balanced, consistent, fair, and transparent regulation of the oil and gas industry; to prevent the waste of oil, gas or geothermal resources of the state; to protect correlative rights of the owners of those resources and to foster the efficient development of those reserves; and to protect human health and the environment while developing the state's oil, gas, and geothermal resources.

The Division exceeded its performance target (23,500) for the number of inspections performed, exceeding the FY13 actual inspection (37,707) count by 1,213 for a total of 38,920 inspections performed. Moreover, a large number of Underground Inspection Control (UIC) inspections were conducted in the final quarter, meeting the goals set by the federal UIC program. In addition, the OCD plugged 32 wells using Oil Reclamation Fund monies, a number that represents almost half of the state well plugging obligations and that exceeds the target performance metric of 25. Also, OCD recouped \$33,535 in salvage revenue from well plugging.

With respect to the work of the Engineering Bureau, the goal for administrative orders is to review, approve, and issue seventy-five percent (75%) of all administrative applications within 30 days of their receipt. In FY14, 50% percent of all administrative applications were issued within 30 days of their receipt. In addition, the overall average turnaround time for all the administrative orders issued was 36 days.

Finally, the Division continues to participate in projects related to the Carlsbad Brine Well, including maintenance of an early warning system and technical measurement of the proclivity of that cavern's collapse. In addition to providing data analysis, monitoring and re-entry efforts, Division staff members provide technical guidance to other government entities involved in the project and participate in all of the committees that have been formed to plan for a successful resolution to the situation. In FY14, a 2 year contract was put in place to perform site monitoring, geophysical analyses, and a feasibility study. The contract was amended to allow another year of monitoring through June 2015.

Program Support. Program Support consists of the Office of the Secretary (OFS), as well as the administrative support functions (legal, HR, fiscal and IT). The purpose of Program Support is to support the Energy, Conservation and Management Division, Forestry Division, State Parks Division, Mining and Minerals Division, the Oil Conservation Division, by providing administrative services as well as policy direction and management. Program Support also provides administrative support to the Youth Conservation Corps Commission, an entity administratively attached to the Department pursuant to an agreement between the Department and the YCC Commission.

The OFS provides policy direction for the Department, and its communications with the Office of the Governor, the New Mexico State Legislature and other state agencies. In addition, the OFS has administrative oversight of the Waste Isolation Pilot Plant Transportation Safety Coordinator, the New Mexico Department of Game and Fish, the Game Commission, and the YCC.

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The Information Technology Office (ITO) operates and develops information technology (IT) systems and projects that support the Department goals and initiatives. IT encompasses computer and communications infrastructure, including hardware and software, security, communications (voice and data) and databases, as well as the applications that run on, or use, that infrastructure to deliver the actual services to internal and external customers. ITO is also responsible for the Department's IT planning, policy and procedures, and IT approves all IT purchases. Additionally, ITO provides the focus for the development of IT and information systems strategy and policy for the Department.

The Administrative Services Division (ASD) directs the Department's financial operations, particularly budget, federal grants and accounting and support services. ASD's responsibilities include overseeing the Department's annual audit.

The Human Resource Bureau (HRB) supports the Department and its employees in all aspects of personnel administration, personnel policy and benefits. Beneficiaries of HRB support are Energy, Conservation and Management, Forestry, State Parks, Mining and Minerals, the Oil Conservation Divisions and the Youth Conservation Corps.

Using This Annual Report

The focus of this report is on both the Department (government-wide) and the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison and enhance accountability. Although the Department is one of several agencies within the state government, the primary government focus in this financial report is the Department and not the state as a whole.

Management's Discussion and Analysis Objectives

MD&A should provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions or conditions. It should provide an analysis of the Department's overall financial position and results of operations to assist users in assessing whether the financial position has improved as a result of the past year's activities. Additionally, it should provide an analysis of significant changes that occur in funds and significant budget variances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements comprise 4 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, including the Schedule of Expenditures of Federal Awards, in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements consist of a statement of net position and a statement of activities. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Fiduciary activities whose resources are not available to finance the government's programs are excluded from the government-wide statements.

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Most of the Department's basic services are included in governmental activities. State appropriations and federal grants finance most of these activities. The funds included in governmental activities for the Department are the General Operating Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

Fund Financial Statements. Fund financial statements consist of a series of statements that focus on information about the major governmental and enterprise funds. Governmental 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. The fund financial statements are similar to the financial statements presented in the previous accounting model. The Department has two types of funds: governmental funds and agency funds.

Governmental Funds. Most of the Department's services are included in governmental funds which focus on: (1) how cash and other financial assets that can be readily converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view and help the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

Agency Funds. Agency funds are used to report assets held in a trustee or agency capacity for others, and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. The Department's agency funds are comprised of the Parks and Recreation Division Boat Fund, the Gross Receipts Tax Suspense Fund, the Oil Disposition Holding Fund, and the Renewable Energy Transmission Authority Fund.

Budgetary Comparisons

In addition to the MD&A, GASB #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. These schedules have been presented with the basic financial statements.

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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, which are stated on the government's budgetary basis. As required by the Office of the State Auditor in 2 NMAC 2.2, the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

The budget to actual statements reflected a significant difference between budgeted federal revenues and actual revenues, as well as budgeted expenditures and actual expenditures. The primary cause for both of these differences is related to multi-year federal grants and the related contractual obligations against these grants. The budgeted federal revenues and expenditures (both in the Contractual and Other Costs categories) are higher based on encumbering the entire amount of these multi-year federal contracts. Because the full amounts of these multi-year contracts are encumbered, there is a related increase in the budgeted revenues and budgeted expenditures. The actual federal revenues and expenditures only include expended funds for this fiscal year and are therefore significantly lower than budgeted amounts. This difference does not indicate a significant shortfall in budgeted revenues or expenditures, but is instead related to the process of fully encumbering multi-year federal grant commitments.

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.

Required Supplementary Information (Other than MD&A)

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

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Financial Analysis of the Department as a Whole

Net Position. Table A-1 summarizes the Department's net position for the fiscal year ended June 30, 2014. Total net position for fiscal year 2014 was \$95,498,202. Unrestricted net position in Governmental Activities was \$6,543,466 at the end of the fiscal year. Restricted net position, including capital projects, debt service and special appropriations, was \$35,501,697. The balance of \$53,453,039 in net position represents investments in capital assets, net of related debt (buildings, equipment, etc.).

**Table A-1
The Department's Net Assets**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Amount Change</u>	<u>Total % Change</u>
Assets:				
Current and other assets	\$ 42,471,482	\$ 57,602,895	\$ (15,131,413)	-26%
Capital and non-current assets	<u>71,244,973</u>	<u>72,441,534</u>	<u>(1,196,561)</u>	-2%
Total assets	<u>\$113,716,455</u>	<u>\$130,044,429</u>	<u>\$ (16,327,974)</u>	-13%
Liabilities:				
Current liabilities	\$ 10,273,250	\$ 23,356,275	\$ (13,083,025)	-56%
Long-term liabilities	<u>7,945,004</u>	<u>10,847,215</u>	<u>(2,902,211)</u>	-27%
Total liabilities	<u>18,218,254</u>	<u>34,203,490</u>	<u>(15,985,236)</u>	-47%
Net position:				
Net investment in capital assets	53,453,039	51,786,298	1,666,741	3%
Restricted	35,501,697	41,279,686	(5,777,989)	-14%
Unrestricted	<u>6,543,466</u>	<u>2,774,955</u>	<u>3,768,511</u>	136%
Total net position	<u>95,498,202</u>	<u>95,840,939</u>	<u>(342,737)</u>	-0.4%
Total liabilities and net position	<u>\$113,716,456</u>	<u>\$130,044,429</u>	<u>\$ (16,327,973)</u>	-13%

The Department's net position decreased \$342,737 (net of current change in net position of \$1,930,734 and restatement of \$1,587,997) over the course of this fiscal year's operations. The following financial information is a comparison of net position for 2014 and 2013.

The total position consists of cash and cash equivalents, investment in the State Treasurer's General Fund Investment Pool, receivables from the federal government for grants, receivables from other state agencies, amount due from fiduciary fund, other receivables and capital assets (net of accumulated depreciation). Total liabilities consist of accrued interest payable, accounts

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payable, amounts due to fiduciary funds, accrued salaries and employee benefits payable, amounts due to the state's general fund and other agencies and the current amount of other obligations and compensated absences payable. Net position is comprised of investment in capital assets, restricted and unrestricted amounts. In 2014, the amount that was restricted was used to illustrate restricted amounts in the fund financial statements as stated above.

The variances consist of:

Total assets. The variance of current and other assets is due to the fact that cash, cash equivalents and investment in the State Treasurer's General Fund Investment Pool decreased by \$16,327,973 from fiscal year 2013. This was primarily due to a decrease in special appropriations, a result of less state fires in the current year. Also, there was a decrease in net receivables of \$9,144,848 from fiscal year 2013. Net capital assets decreased from the FY2013 stated amount by \$1,196,561, partly due to an increase in depreciable assets.

Total liabilities. In current liabilities, a major factor contributing to the variance was a decrease in the amount of Due to State General Fund, which decreased by \$7,198,638. In addition, long-term liabilities decreased \$2,902,211. The decrease was due to the FY14 repayment of a Bureau of Reclamation loan in the amount of \$979,581. Lastly, other liabilities, such as accounts payable, decreased from FY13.

Total net position. The net position for the Department decreased from 2013 by \$342,737 (net of current change in net position of \$1,930,734 and restatement of \$1,587,997). The Department's total revenue increased by approximately \$3,035,056, from \$65,119,235 to \$68,154,291. The Department's total expenses increased by \$2,064,503, from \$68,020,522 to \$70,085,025. Total net position decreased by \$342,737 from \$95,840,939 to \$95,498,202. This change is a result of a current year decrease in net position of \$1,930,734 and a net position restatement which resulted in an increase of \$1,587,997.

Changes in Net Position

The Department's change in net position for fiscal year 2014 was a decrease of \$342,737 (see Table A-2). A significant portion, 30%, of the Department's revenue comes from State General Fund Appropriations. Federal grant funds account for 32% of Department revenue; 13% comes from gross receipts tax and 6% comes from charges for services.

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**Table A-2
Change in the Department's Net Position**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Amount Change</u>	<u>Total % Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 4,229,883	\$ 4,234,786	\$ (4,903)	-0.1%
Operating grants and contributions	<u>21,493,529</u>	<u>24,669,015</u>	<u>(3,175,486)</u>	-13%
Total program revenues	<u>25,723,412</u>	<u>28,903,801</u>	<u>(3,180,389)</u>	-11%
General revenues:				
Appropriations, net of reversions	20,540,486	19,225,916	1,314,570	7%
Interest	13,179	18,529	(5,350)	-29%
Other state funds	1,004,079	1,077,553	(73,474)	-7%
Gross receipts tax	8,562,999	8,825,829	(262,830)	-3%
Conservation tax	7,004,531	4,810,061	2,194,470	46%
Gasoline tax	192,288	193,828	(1,540)	-1%
Bond proceeds - Severance Tax	3,354,030	864,799	2,489,231	288%
Gain on sale of equipment	15,323	3,816	11,507	302%
Other	<u>1,743,964</u>	<u>1,195,103</u>	<u>548,861</u>	46%
Total general revenues	<u>42,430,879</u>	<u>36,215,434</u>	<u>6,215,445</u>	17%
Total revenues	<u>68,154,291</u>	<u>65,119,235</u>	<u>3,035,056</u>	5%
Expenses:				
Natural resources and recreation	69,004,102	66,643,919	2,360,183	4%
Interagency transfers, net	<u>1,080,923</u>	<u>1,376,603</u>	<u>(295,680)</u>	-21%
Total expenses	<u>70,085,025</u>	<u>68,020,522</u>	<u>2,064,503</u>	3.0%
Change in net position	(1,930,734)	(2,901,287)	(970,553)	33%
Net position, beginning of year	95,840,939	98,742,226	(2,901,287)	-3%
Restatement	<u>1,587,997</u>	<u>-</u>	<u>1,587,997</u>	100%
Net position, beginning of year, restated	<u>97,428,936</u>	<u>98,742,226</u>	<u>(1,313,290)</u>	-1%
Net position, end of year	<u>\$ 95,498,202</u>	<u>\$ 95,840,939</u>	<u>\$ (342,737)</u>	-0.4%

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Total Revenues. Revenue received is comprised mostly of appropriations from the state's general fund, but also includes federal grant funds, gross receipts tax, bond proceeds, severance tax, conservation tax, interest, gasoline tax and other miscellaneous revenue. Also included in revenue are charges for services of \$4,229,883, which include park admissions, overnight camping, concessionaire income, license and permit sales, and land and shelter rentals.

Total Expenses. Total expenses consist of personal services and benefits. Due to the nature of the Department's activities in areas such as mining and oil production, the Department is staffed with a high volume of technical positions and engineers. In addition, expenditures also include the cost of salaries, overtime and other costs associated with fire suppression activities.

Another area of expenditures within the Department is the category of Contractual Services, which includes costs associated with fire suppression activities. In addition, this category is used to flow federal grant funds through to local communities within the state.

Significant expenditures within the Department were in the category of Other Costs. This category pays for operational expenses of the Department, including utilities, postage, and equipment rentals, which are a major portion of Department costs with 35 field offices statewide. The majority of expenditures within this category are the costs associated with forest protection and safeguarding activities, abandoned mine reclamation projects, oil and gas well reclamation projects, as well as Joint Powers Agreements for construction of outdoor recreational trails projects and conservation projects under the YCC program.

Governmental Activities by Program

The Department has multiple and varied programs funded by our resources. The divisions within our Department include Renewable Energy Conservation and Management, Forestry & Fire Disasters, Mine Reclamation, Oil and Gas Conservation, State Parks, Youth Conservation Corps, and Program Support. The table below shows the expenses by division and the percentage of all expenses that were taken from the fund financial statements. The difference in this amount and the amount shown in the statement of activities is \$5,466,778, which is mainly comprised of adjustments made for depreciation, capital outlay, compensated absences and debt service.

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June 30, 2014**

**Table A-3
Governmental Activities by Program**

<u>Program</u>	<u>Expenses</u>	<u>Percentage Spent by Program</u>
Renewable Energy & Energy Efficiency	\$ 3,665,523	6%
Forestry & Fire Disasters	18,863,125	30%
Mine Reclamation	5,069,573	8%
Oil and Gas Conservation	9,090,394	14%
State Parks	17,984,902	29%
Program Support	4,604,412	8%
Youth Conservation Corps	<u>3,725,806</u>	6%
	<u>\$ 63,003,735</u>	100%

Fund Balance

As the Department completed the year, its governmental funds reported a combined fund balance of \$35,567,726, which is \$1,996,767 lower than last year. There was a significant deficiency of revenues under expenditures. This deficiency increased from FY13 by approximately \$5 million.

The ending fund balance of \$35 million is comprised of amounts restricted and committed. The restricted fund balance is \$31 million; \$4 million is categorized as committed.

The general fund is the chief operating fund for the Department. It accounts for revenue and expenses not designated for specific purposes in all the program areas except Parks. The Parks fund is non-reverting, while the General fund reverts all unreserved fund balance.

The total fund balance of the Department's general fund increased by \$186,799 during the current fiscal year.

Besides the general fund, the other major funds were the Emergency Fire Disaster fund, Abandoned Mine Reclamation, State Parks, ARRA, Debt Service and the EMNRD Capital Projects GGRT Fund. Changes in these fund balances from FY13 are as follows:

- The Emergency Fire Disaster fund decreased by \$4,697,656.
- The Abandoned Mine fund increased by \$3,359.
- The State Parks fund increased by \$1,393,072.
- The ARRA fund did not have a change.
- The Debt Service fund increased by \$14,370.

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- The Capital Projects GGRT fund decreased by \$705,613 (net of current change in net position of \$1,161,649 and restatement of \$456,036).

General Fund Budgetary Highlights

The New Mexico State Legislature makes annual appropriations to the Department. Amendments to the appropriated budget require approval by the Budget Division of the Department of Finance and Administration with review by the Legislative Finance Committee.

Over the course of the year, the Department adjusts its budget as authorized in the Appropriations Act. The budget adjustments fall into four categories:

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

The Department expended \$9,852,815.54 of the special appropriations carried over from prior years in FY 2014.

The Department received several capital project appropriations for FY 2014.

The Governor issued 3 executive orders for FY 2014 for emergency fire suppression activities in the amount of \$2,250,000.

Capital Assets and Debt Administration

At the end of fiscal year 2014, the Department has invested a total of \$151,224,787 in governmental-type activities in a variety of capital assets (fixed assets). This amount represents a net increase (including additions and deductions, excluding depreciations) of \$3,364,776, which is approximately a 2% increase. The major increases in capital assets during the fiscal year were in the areas of buildings and land improvements. The State Parks Division funds numerous capital projects annually to include various boat ramp extensions, visitor center remodeling, statewide water and wastewater improvements, statewide shelter/picnic table replacements, campground facilities construction and enhancement, and repairs to historic administration buildings and walkways. This is due in part to a concerted effort by the State Parks Division to maintain facilities in a manner that will attract both in-state and out-of-state visitors.

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**Table A-4
Department's Capital Assets**

(Dollars in Millions)					
	FY 2014	FY 2013	Amount Change	Total % Change	
Land	\$ 8.2	\$ 8.2	\$ -	0%	
Land Improvements	28.8	28.2	0.6	2%	
Buildings and Improvements	78.9	77.1	1.8	2%	
Equipment and Machinery	14.3	13.9	0.4	3%	
Furniture and Fixtures	0.5	0.5	0	0%	
Vehicles and Automotive	8.7	8.3	0.4	5%	
Data Processing Equipment	1.2	0.6	0.6	100%	
Museum Acquisitions	0.5	0.5	0	0%	
Projects in Process	1.9	1.6	0.3	19%	
Easements and other Intangibles	8.2	8.9	-0.7	-8%	
Total assets	\$ 151.2	\$ 147.8	\$ 3.4	2%	

The Department has many capital projects in process, several which are tentatively scheduled for completion next fiscal year. More detailed information about the Department's capital assets is presented in Note 7 to the financial statements. Accumulated depreciation for these capital assets is calculated at \$79,979,814.

Long Term Debt

The Department's long-term debt includes eight outstanding bond issues entered into by the State Parks Department. At the end of FY 2014, the amount outstanding on these obligations was approximately \$10 million. Detailed information about the Department's long-term debt is presented in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Department's budget is appropriated to the following programs:

- Energy Conservation and Management
- Healthy Forest
- State Parks
- Mining and Minerals
- Oil Conservation
- Program Support

The Department's operating budget for fiscal year 2015 is \$64,234,600 and includes 484 full time equivalents (FTE).

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As required by the Accountability in Government Act, fiscal year 2014 was the 13th year the Department has submitted performance based and program budgets. The Department continues to work with the Legislative Finance Committee (LFC) and the State Budget Division to report and streamline measures that are meaningful and useful.

Contacting The Department's Financial Management

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

New Mexico Energy, Minerals and Natural Resources Department
Financial Services Bureau
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF NET POSITION
June 30, 2014**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 24,668
Investment in State Treasurer General Fund Investment Pool	23,341,217
Restricted cash	2,331,106
Receivables:	
Federal government	11,099,119
Due from fiduciary fund	63,689
Due from other state agencies	5,475,817
Other receivables	<u>135,866</u>
Total current assets	<u>42,471,482</u>
NON-CURRENT ASSETS	
Intangible assets	8,190,318
Capital assets	143,034,469
Less: accumulated depreciation	<u>(79,979,814)</u>
Total non-current assets	<u>71,244,973</u>
 TOTAL ASSETS	 <u><u>\$ 113,716,455</u></u>

	Governmental Activities
LIABILITIES	
Accounts payable	\$ 5,193,500
Accrued interest payable	66,030
Due to State General Fund	667,308
Due to other state agencies	202,626
Due to federal government	37,761
Accrued payroll	802,561
Current portion of compensated absences payable	1,336,868
Current portion of long-term obligations	<u>1,966,596</u>
Total current liabilities	<u>10,273,250</u>
LONG-TERM OBLIGATIONS	
Non-current compensated absences	309,984
Non-current portion of long-term obligations	<u>7,635,020</u>
Total long-term obligations	<u>7,945,004</u>
TOTAL LIABILITIES	<u>18,218,254</u>
NET POSITION	
Net investment in capital assets	53,453,039
Restricted for:	
Capital projects	4,290,985
Debt services, net of accrued interest payable	2,405,422
Special monies	28,805,290
Unrestricted	<u>6,543,466</u>
Total net position	<u>95,498,202</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 113,716,456</u>

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

	Governmental Activities
EXPENSES	
State Parks Program	\$ 19,506,201
Healthy Forests Program	11,900,088
Oil & Gas Conservation Program	9,859,329
Fire disasters	8,558,626
Mine Reclamation Program	5,498,396
Program Support	5,131,331
Conservation	4,040,963
Renewal Energy Program	3,975,579
Interest	519,908
Other	13,681
Total expenses	69,004,102
PROGRAM REVENUE	
Charges for services	4,229,883
Operating grants and contributions	21,493,529
Net program expense	(43,280,690)
GENERAL REVENUES AND TRANSFERS	
General Fund Appropriations (net of reversions)	20,540,486
Interest	13,179
Other state funds	1,004,079
Gross receipts tax	8,562,999
Conservation taxes	7,004,531
Gasoline tax	192,288
Bond proceeds - severance tax	3,354,030
Inter-agency transfers	(1,080,923)
Gain on sale of equipment	15,323
Other revenue	1,743,964
Total general revenues and transfers	41,349,956
CHANGE IN NET POSITION	(1,930,734)
NET POSITION, BEGINNING OF YEAR	95,840,939
RESTATEMENT	1,587,997
NET POSITION, BEGINNING OF THE YEAR, RESTATED	97,428,936
NET POSITION, END OF YEAR	\$ 95,498,202

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General Fund 19900</u>	<u>Emergency Fire Disaster Fund 21300</u>	<u>Abandoned Mine Reclamation Fund 65600</u>
ASSETS			
Cash and cash equivalents	\$ 3,468	\$ -	\$ -
Investment in State Treasurer General Fund Investment Pool	-	2,712,356	4,711,487
Restricted cash	-	-	-
Receivables:			
Federal government	4,376,996	5,856,700	-
Due from other funds	34,847	-	-
Due from fiduciary fund	-	-	-
Due from other state agencies	1,650	-	359
Other receivables	<u>5,634</u>	<u>44</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 4,422,595</u>	<u>\$ 8,569,100</u>	<u>\$ 4,711,846</u>
LIABILITIES			
Accounts payable	\$ 1,015,957	\$ 197,638	\$ -
Due to other funds	2,566,190	23,978	-
Due to State General Fund	21,591	645,717	-
Due to other state agencies	113,878	7,575	-
Due to Federal government	-	-	-
Accrued payroll	<u>346,677</u>	<u>68,151</u>	<u>-</u>
Total liabilities	<u>4,064,293</u>	<u>943,059</u>	<u>-</u>
FUND BALANCES			
Restricted	-	7,626,041	4,711,846
Committed	<u>358,302</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>358,302</u>	<u>7,626,041</u>	<u>4,711,846</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,422,595</u>	<u>\$ 8,569,100</u>	<u>\$ 4,711,846</u>

Major Funds					
State Parks Fund 20010	ARRA Fund 89000	Debt Service Fund 30000	EMNRD Capital Projects GGRT Fund 64600	Other Governmental Funds	Total Governmental
\$ 21,200	\$ -	\$ -	\$ -	\$ -	\$ 24,668
3,777,747	-	140,346	4,018,274	7,981,007	23,341,217
-	-	2,331,106	-	-	2,331,106
515,405	334,618	-	-	15,400	11,099,119
-	-	-	-	4,010,458	4,045,305
63,689	-	-	-	-	63,689
337,649	-	-	768,888	4,367,271	5,475,817
124,877	-	-	302	5,009	135,866
<u>\$ 4,840,567</u>	<u>\$ 334,618</u>	<u>\$ 2,471,452</u>	<u>\$ 4,787,464</u>	<u>\$ 16,379,145</u>	<u>\$ 46,516,787</u>
\$ 810,358	\$ 333,546	\$ -	\$ 487,333	\$ 2,348,668	\$ 5,193,500
8	792	-	-	1,454,337	4,045,305
-	-	-	-	-	667,308
150	-	-	-	81,023	202,626
37,761	-	-	-	-	37,761
338,684	280	-	11,158	37,611	802,561
<u>1,186,961</u>	<u>334,618</u>	<u>-</u>	<u>498,491</u>	<u>3,921,639</u>	<u>10,949,061</u>
-	-	2,471,452	4,288,973	12,281,795	31,380,107
3,653,607	-	-	-	175,711	4,187,620
<u>3,653,607</u>	<u>-</u>	<u>2,471,452</u>	<u>4,288,973</u>	<u>12,457,506</u>	<u>35,567,727</u>
<u>\$ 4,840,568</u>	<u>\$ 334,618</u>	<u>\$ 2,471,452</u>	<u>\$ 4,787,464</u>	<u>\$ 16,379,145</u>	<u>\$ 46,516,788</u>

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 35,567,727
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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.

The cost of capital assets is	151,224,787
Accumulated depreciation is	<u>(79,979,814)</u>
 Total capital assets	 71,244,973

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Loan and bonds payable	(9,601,616)
Accrued interest payable	(66,030)
Compensated absences payable	<u>(1,646,852)</u>
 Total long-term and other liabilities	 <u>(11,314,498)</u>
 Net position of governmental activities (Statement of Net Position)	 <u>\$ 95,498,202</u>

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	Major			
	General Fund 19900	Emergency Fire Disaster Fund 21300	Abandoned Mine Reclamation Fund 65600	State Parks Fund 20010
REVENUES				
Boating fees	\$ -	\$ -	\$ -	\$ 209,342
Interest	-	-	3,359	-
Other state funds	-	-	-	825
Park admissions	25,777	-	-	1,218,725
Lease and rental income	900	-	-	2,387,781
Federal funds	14,559,394	2,960,705	-	3,136,285
Concession income	-	-	-	387,358
Gross receipts tax	-	-	-	-
Conservation taxes	-	-	-	-
Gasoline tax	-	-	-	-
Other	11,552	10,139	-	830,642
Total revenues	14,597,623	2,970,844	3,359	8,170,958
EXPENDITURES				
Current:				
Renewable Energy Program	1,560,254	-	-	-
Healthy Forests Program	10,582,671	-	-	-
State Parks Program	-	-	-	16,029,461
Mine Reclamation Program	4,385,919	-	-	-
Oil & Gas Conservation Program	3,819,168	-	-	-
Program Support	4,604,412	-	-	-
Conservation	-	-	-	-
Fire disasters	-	7,161,587	-	-
Capital outlay	155,596	-	-	1,266,531
Debt service-principal	-	-	-	-
Debt service-interest	-	-	-	-
Debt service-miscellaneous	-	-	-	-
Total expenditures	25,108,020	7,161,587	-	17,295,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,510,397)	(4,190,743)	3,359	(9,125,034)
OTHER FINANCING SOURCES (USES)				
Inter-agency transfers - State general fund appropriation:				
Regular	10,358,000	-	-	10,730,100
Governor's Executive Orders	-	2,250,000	-	-
Intra-agency transfers, net	1,226,318	(80,792)	-	(263,174)
Inter-agency transfers - reversions	(21,493)	(2,676,121)	-	(100,000)
Inter-agency transfers - severance tax	-	-	-	-
Inter-agency transfers - other, net	(873,399)	-	-	128,500
Proceeds from sale of capital assets	7,770	-	-	22,680
NET OTHER FINANCING SOURCES (USES)	10,697,196	(506,913)	-	10,518,106
NET CHANGE IN FUND BALANCES	186,799	(4,697,656)	3,359	1,393,072
FUND BALANCES, BEGINNING OF YEAR	171,503	12,323,697	4,708,487	2,260,535
RESTATEMENT	-	-	-	-
FUND BALANCES, BEGINNING OF THE YEAR, RESTATED	171,503	12,323,697	4,708,487	2,260,535
FUND BALANCES, END OF YEAR	\$ 358,302	\$ 7,626,041	\$ 4,711,846	\$ 3,653,607

Funds				
ARRA Fund 89000	Debt Service Fund 30000	EMNRD Capital Projects GGRT Fund 64600	Other Governmental Funds	Total Governmental
\$ -	\$ -	\$ -	\$ -	\$ 209,342
-	9,811	-	9	13,179
-	-	-	1,003,254	1,004,079
-	-	-	-	1,244,502
-	-	-	-	2,388,681
729,545	-	-	107,600	21,493,529
-	-	-	-	387,358
-	-	4,994,720	3,568,279	8,562,999
-	-	-	7,004,531	7,004,531
-	-	-	192,288	192,288
-	-	821,263	70,368	1,743,964
<u>729,545</u>	<u>9,811</u>	<u>5,815,983</u>	<u>11,946,329</u>	<u>44,244,452</u>
-	-	-	2,105,269	3,665,523
-	-	-	389,322	10,971,993
-	-	1,747,080	208,361	17,984,902
-	-	-	683,654	5,069,573
-	-	-	5,271,226	9,090,394
-	-	-	-	4,604,412
-	-	-	3,725,806	3,725,806
729,545	-	-	-	7,891,132
-	-	2,219,371	1,076,403	4,717,901
-	1,883,720	979,581	-	2,863,301
-	498,040	146,600	-	644,640
-	13,681	-	-	13,681
<u>729,545</u>	<u>2,395,441</u>	<u>5,092,632</u>	<u>13,460,041</u>	<u>71,243,258</u>
-	(2,385,630)	723,351	(1,513,712)	(26,998,806)
-	-	-	-	21,088,100
-	-	-	-	2,250,000
-	2,400,000	(2,455,000)	(827,352)	-
-	-	-	-	(2,797,614)
-	-	-	3,354,030	3,354,030
-	-	-	(336,024)	(1,080,923)
-	-	570,000	-	600,450
<u>-</u>	<u>2,400,000</u>	<u>(1,885,000)</u>	<u>2,190,654</u>	<u>23,414,043</u>
-	14,370	(1,161,649)	676,942	(3,584,763)
-	2,457,082	4,994,586	10,648,603	37,564,493
-	-	456,036	1,131,961	1,587,997
<u>-</u>	<u>2,457,082</u>	<u>5,450,622</u>	<u>11,780,564</u>	<u>39,152,490</u>
\$ -	\$ 2,471,452	\$ 4,288,973	\$ 12,457,506	\$ 35,567,727

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) **\$ (3,584,763)**

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was: (137,443)

Repayment of bond and note principal is an expenditure in the Governmental Funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. Bond and note payments during the current fiscal year were: 2,863,301

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrued, regardless of when it is due. The additional interest reported in the Statement of Activities is the net result of two factors: accrued interest on bonds and notes payable. The decrease in the liability for the fiscal year was: 124,732

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital outlay	4,717,901
Depreciation expense	<u>(5,329,335)</u>

Excess of depreciation expense over capital outlay (611,434)

The Statement of Activities reports the loss on the sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference: (585,127)

Change in net position of governmental activities (Statement of Activities) **\$ (1,930,734)**

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	GENERAL FUND-TOTAL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ 28,800	\$ 28,800	\$ 26,677	(2,123)
Federal funds	21,841,900	22,172,229	14,559,394	(7,612,835)
State General Fund appropriation:				
Regular	10,208,000	10,208,000	10,358,000	150,000
Special	125,000	125,000	-	(125,000)
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	1,251,000	1,286,000	1,368,268	82,268
Proceeds from sale of capital assets	-	-	7,770	7,770
Other income	-	-	11,552	11,552
Fund balance	<u>127,000</u>	<u>127,000</u>	<u>-</u>	<u>(127,000)</u>
TOTAL REVENUES	<u>33,581,700</u>	<u>33,947,029</u>	<u>26,331,661</u>	<u>\$ (7,615,368)</u>
EXPENDITURES				
Personal services and benefits	\$ 15,680,200	\$ 15,980,200	14,851,677	\$ 1,128,523
Contractual services	6,674,900	6,746,584	3,264,652	3,481,932
Other costs	9,646,000	9,639,645	6,991,691	2,647,954
Other financing uses	<u>1,580,600</u>	<u>1,580,600</u>	<u>1,015,349</u>	<u>565,251</u>
TOTAL EXPENDITURES	<u>\$ 33,581,700</u>	<u>\$ 33,947,029</u>	<u>26,123,369</u>	<u>\$ 7,823,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			208,292	
GAAP BASIS RECONCILIATION				
Reversions			(21,493)	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 186,799</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

EMERGENCY FIRE DISASTER FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	2,960,705	2,960,705
State General Fund appropriation:				
Regular	-	-	-	-
Special	2,250,000	2,250,000	2,250,000	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	10,139	10,139
Fund balance	-	10,500,000	-	(10,500,000)
TOTAL REVENUES	<u>\$ 2,250,000</u>	<u>\$ 12,750,000</u>	<u>5,220,844</u>	<u>\$ (7,529,156)</u>
EXPENDITURES				
Personal services and benefits	\$ 700,000	\$ 700,000	648,962	\$ 51,038
Contractual services	-	-	-	-
Other costs	1,425,000	11,925,000	6,512,625	5,412,375
Other financing uses	125,000	125,000	80,792	44,208
TOTAL EXPENDITURES	<u>\$ 2,250,000</u>	<u>\$ 12,750,000</u>	<u>7,242,379</u>	<u>\$ 5,507,621</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			(2,021,535)	
GAAP BASIS RECONCILIATION				
Reversions			(2,676,121)	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ (4,697,656)</u>	

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

ABANDONED MINE RECLAMATION				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	3,359	3,359
Fund balance	-	-	-	-
	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	3,359	\$ 3,359
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	-	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			3,359	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
			-	
NET CHANGE IN FUND BALANCE			\$ 3,359	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	STATE PARKS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ 4,453,300	\$ 4,453,300	\$ 4,203,206	\$ (250,094)
Federal funds	4,109,700	4,109,700	3,136,285	(973,415)
State General Fund appropriation:				
Regular	10,730,100	10,730,100	10,730,100	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	825	825
Tax revenue	775,000	775,000	-	(775,000)
Bond proceeds	-	-	-	-
Other financing sources	128,300	128,300	128,500	200
Proceeds from sale of capital assets	-	-	22,680	22,680
Other income	691,500	691,500	830,642	139,142
Fund balance	769,600	769,600	-	(769,600)
TOTAL REVENUES	<u>\$21,657,500</u>	<u>\$ 21,657,500</u>	<u>19,052,238</u>	<u>\$ (2,605,262)</u>
EXPENDITURES				
Personal services and benefits	\$12,592,800	\$ 12,592,800	10,710,477	\$ 1,882,323
Contractual services	1,210,500	1,210,500	933,931	276,569
Other costs	7,279,200	7,279,200	5,647,548	1,631,652
Other financing uses	575,000	575,000	263,174	311,826
TOTAL EXPENDITURES	<u>\$21,657,500</u>	<u>\$ 21,657,500</u>	<u>17,555,130</u>	<u>\$ 4,102,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			1,497,108	
GAAP BASIS RECONCILIATION				
Reversions			(100,000)	
Timing difference related to accounts payable			(4,036)	
NET CHANGE IN FUND BALANCE			<u>\$ 1,393,072</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	<u>AMERICAN REINVESTMENT & RECOVERY ACT (ARRA)</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	3,699,488	3,699,488	729,545	(2,969,943)
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 3,699,488</u>	<u>\$ 3,699,488</u>	<u>729,545</u>	<u>\$ (2,969,943)</u>
EXPENDITURES				
Personal services and benefits	\$ 114,238	\$ 114,238	6,703	\$ 107,535
Contractual services	3,268,364	3,268,364	722,842	2,545,522
Other costs	76,520	76,520	-	76,520
Other financing uses	240,366	240,366	-	240,366
TOTAL EXPENDITURES	<u>\$ 3,699,488</u>	<u>\$ 3,699,488</u>	<u>729,545</u>	<u>\$ 2,969,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			-	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2014**

	Agency Funds
ASSETS	
Investments in State General Fund Investment Pool	\$ 104,387
Interest receivable	2
Due from other state agencies	72,884
TOTAL ASSETS	\$ 177,273
LIABILITIES	
Due to other funds	63,689
Due to other state agencies	28,535
Due to state general fund	63,689
Deposits held in custody for others	21,360
TOTAL LIABILITIES	\$ 177,273

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – DEFINITION OF REPORTING ENTITY

On July 1, 1987, the Energy, Minerals, and Natural Resources Department (the Department) was formed by NMSA Section 95A-1 through 95A-7, 1978 Compilation. The basic function of the Department is to maintain responsibility for the protection, preservation and proper utilization of extractive and renewable resources residing within the state. These include, but are not limited to, petroleum, natural gas, coal, uranium, potash, timber, soils and wildlife. The Department administers programs directed toward the promotion of energy conservation, outdoor recreation and natural resources planning. The Department does not have any component units.

The chief executive of the Department is the Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. The Department is a "department" of the executive branch and these financial statements include all funds, account groups and activities over which the Department Secretary has oversight responsibility.

The accompanying financial statements of the Department include all funds and activities over which the Department has oversight responsibility. Even though the Governor appoints the Department Secretary, the Secretary has decision-making authority, the power to designate management, the responsibility to significantly influence operations and is primarily accountable for fiscal matters.

The Department is part of the primary government of the State of New Mexico, and its financial data is included with the financial data in the State of New Mexico's Comprehensive Annual Financial Report. These financial statements present financial information that is attributable to the Department and does not purport to present the financial position of the State of New Mexico.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

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.

Financial Reporting Entity

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

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. The reporting model focus is on either the Department as a whole or major individual fund (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Inter-fund balances have been eliminated in the government-wide financial statements.

The net cost (by function) is normally covered by general revenues (intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (1) demonstrate legal compliance, (2) demonstrate the source and use of liquid resources, and (3) demonstrate how the Department'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 government-wide presentation.

The Department's fiduciary funds (agency funds) are presented in the fund financial statements. 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 government, these funds are not incorporated in the government-wide statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Department first uses restricted resources, then unrestricted resources.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Accounting

The accounts of the Department are organized 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, liabilities, fund balance, revenues and expenditures. The various funds are summarized by type in the accompanying financial statements. The following fund types are used by the Department:

Governmental Funds - All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities 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.

The major governmental funds presented in these financial statements include the General Fund, the Emergency Fire Disaster Fund, the Abandoned Mine Reclamation Fund, the State Parks Fund, the American Recovery and Reinvestment Act Fund, the Debt Service Fund and the Capital Projects GGRT Fund.

General Fund - Fund No. 19900 - The General Fund is the operating fund of the Department. It is used to account for all operating activities of the Department, except those requiring other governmental fund types. It is funded primarily through the State of New Mexico Appropriations Act. This is a major fund. Included in the General Fund are:

- Energy Efficiency - reverting
- Forestry - reverting
- Mine Reclamation Program – reverting
- Voluntary Compliance (Oil & Gas Conservation) - reverting
- Program Support - reverting

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Energy Conservation and Management Division

Petroleum Violation Escrow Fund (31600) – Stripper Well – Petroleum Violation Escrow Fund (non-reverting) was established to account for the State of New Mexico's proportionate share of the Petroleum Violation Escrow Funds (oil overcharge monies) pursuant to the 1983 Further Continuing Appropriations Act, Public Law No. 970-377, enacted on December 20, 1982. Funds received are to be utilized for the purpose of funding energy conservation projects in public and nonpublic schools and hospitals in New Mexico, for promoting the introduction of solar energy measures to residential buildings through reduction of interest rates charged by banks, and for demonstrating and promoting energy conservation technology to residences and small businesses. The Department has special revenue funds for the following petroleum violation escrow account: Stripper Well.

Energy Efficiency Assessment Revolving Fund (20150) - The Energy Efficiency Assessment Revolving Fund (non-reverting) was established in accordance with Section 6, Chapter 171, Laws of 2007. The fund consists of appropriations, gifts, grants, donations and bequests made to the fund and reimbursements of costs incurred by the Department in performing energy efficiency assessments pursuant to the Energy Efficiency and Renewable Energy Bond Act. Income from the fund is credited to the fund and money in the fund at year end is not revertible and nontransferable to any other fund.

Oil Conservation Division

Oil Reclamation Fund (31100) - The Oil Reclamation Fund (non-reverting), established in accordance with Section 70-2-37, NMSA, 1978 Compilation, provides funds for the plugging of dry and abandoned oil wells. The fund was originally allocated a percentage of the oil conservation tax. The tax revenues are used to award performance contracts to independent contractors.

Forestry Division

Emergency Fire Disaster Fund (21300) - The Emergency Fire Disaster Fund (reverting) was established in accordance with Section 68-2-18, NMSA, 1978 Compilation, to account for the operations of the State Forestry and Resources Division in the execution of emergency fire suppression. This is funded from the Governor's contingency fund. This is a major fund of the Department.

Forest Land Protection Fund (32200) - The Forest Land Protection Fund (non-reverting) was established in accordance with Section 68-2-28, NMSA, 1978 Compilation.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conservation Planting Revolving Fund (32100) - The Conservation Planting Revolving Fund (non-reverting) was established in accordance with Section 68-2-21, NMSA, 1978 Compilation, to account for the collection and payment to the State's general fund of the proceeds from the sale of tree seedlings to New Mexican landowners for conservation plantings.

Inmate Work Camp Fund (95600) - The Inmate Work Camp Fund (non-reverting) was established in accordance with Section 33-13-1 to 33-13-8, NMSA, 1978 Compilation, to provide inmate labor for natural resource work planned by the forestry division.

State Parks Division

State Parks Fund (20010) - The Parks Fund (non-reverting) was established to account for monies derived from the operation of state park and recreation areas or from governmental gross receipts tax distributions pursuant to Section 70106.38 NMSA 1978 appropriated to the Department. This is a major fund of the Department.

Motor Boat Fuel Tax Fund (30900) - The Motor Boat Fuel Tax Fund (non-reverting) was established in accordance with Section 16-2-19.1, NMSA, 1978 Compilation, to account for ongoing financing, construction and maintenance for motor boat facilities throughout the State. Financing is provided through distribution of gasoline taxes.

Natural Lands Protection Fund (20000) - The Natural Lands Protection Fund (reverting) was established to provide funds for the purpose of acquiring land representing the State's commitment to the proposed Petroglyph National Monument located in Bernalillo County. This appropriation is contingent upon the following provisions: (1) the federal government designating the proposed petroglyph site a national monument; (2) the City of Albuquerque providing funds equal to this appropriation; and (3) the Department entering into a joint powers agreement with the City of Albuquerque in order for the City of Albuquerque to acquire lands necessary for the State's portion of the proposed Petroglyph National Monument.

Mining and Minerals Division

Abandoned Mine Reclamation Fund (65600) - The Abandoned Mine Reclamation Fund (non-reverting) was established in accordance with Section 69-25B-4, NMSA, 1978 Compilation, to retain a portion of the reclamation fees collected in an interest-bearing account to be used after August 3, 1992, for abandoned mine and land reclamation projects. This is a major fund of the Department.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Surface Mining Penalty Fund (32000) - The Surface Mining Penalty Fund (non-reverting) was established in accordance with Section 69-25A-22, NMSA, 1978 Compilation, as an escrow account for penalties assessed under the Surface Mining Act, which are contested by persons charged with violations of the Act. Proposed penalty amounts are deposited to this fund until the penalty case is adjudicated, at which time such amounts are transferred to the Surface Mining Permit Fees Fund or returned to the depositor.

Surface Mining Permit Fees Fund (31900) - The Surface Mining Permit Fees Fund (non-reverting) was established in accordance with Section 69-25A-10, NMSA, 1978 Compilation, to account for fees accompanying applications for surface coal mining and reclamation permits pursuant to the Surface Mining Act. Fees collected are appropriated for expenditures in the General Fund for administration of the Surface Mining Act.

New Mexico Mining Act Fund (56600) - The New Mexico Mining Act Fund (non-reverting) was established in accordance with Section 69-36-1, NMSA, 1978 Compilation, to promote responsible utilization and reclamation of lands affected by exploration, mining or the extraction of minerals that are vital to the welfare of New Mexico.

New Mexico Mining Act Penalty Fund (73100) - The New Mexico Mining Act Penalty Fund (non-reverting) was established in accordance with Section 69-36-19, NMSA, 1993, to establish a fund in order to properly deposit fines and penalties collected per the act.

Multiple Divisions

ARRA Fund (89000) - The American Recovery and Reinvestment Act (ARRA) Fund is a special revenue fund that was administratively created by the Department of Finance and Administration for New Mexico state agencies to capture all financial activity related to the ARRA of 2009. This fund is non-reverting. This is a major fund of the Department.

Office of the Secretary

Youth Conservation Corps (01400) - The Youth Conservation Corps (YCC) fund (non-reverting) was established in accordance with Section 9-5B-1, NMSA, 1978 Compilation, to provide a process to employ young persons in projects to conserve New Mexico's natural resources and provide community benefits of lasting value. The monies are received according to the Laws of 1994, Chapter 145, which states that, "A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the Energy, Minerals, and Natural Resources Department in an amount equal to 25% of the net receipts attributable to the governmental gross receipts tax. 40% of the distribution is appropriated to the Department to implement the provisions of the New Mexico Youth Conservation Corps Act, and 60% of the distribution is

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

appropriated to the Department for state park and recreation area capital improvements, including the costs of planning, engineering, design, construction, renovation, repair, equipment and furnishings.”

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Park and Recreation Division

EMNRD Capital Projects (64600) - The EMNRD Capital Projects - GGRT Fund (non-reverting) was established by law to account for financing resources to be used for improving roads; purchasing equipment; and developing, improving and acquiring capital facilities. This fund is financed by governmental gross receipts taxes and federal funds. This is a major fund of the Department.

EMNRD Capital Projects GF/STB (50900) - The EMNRD Capital Projects Fund (non-reverting) was established to account for financing resources to be used for the acquisition of capital assets as outlined by state law. The fund was created pursuant to Laws of 1995 and is funded primarily by state general fund appropriations and debt issuances of severance tax bonds.

Capital Projects Fund (89200) - The Capital Projects Fund was established to track severance tax funded capital projects that were appropriated in Laws of 2010 and future years.

Debt Service Fund (30000) - The Debt Service Fund is used to account for financial resources set aside to meet current and future debt service requirements as required by the 1995A and 1995B Series bond issuances, 1996A and 1996B Series bond issuances, 1997A and 1997B Series bond issuances, 1998A and 1998B Series bond issuances and 2001 Series bond issuances. This is a major fund of the Department.

Fiduciary Funds - Fiduciary Funds include trust and agency funds, which are used to account for assets held by the Department in the capacity of trustee or agent for individuals, private organizations, other governmental entities and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Boat Suspense Fund (77300) - The Boat Suspense Fund (non-reverting) was established by Statute 66-12-6.1H NMSA 1978, Annotated. An excise tax is imposed upon the sale of every boat required to be registered in the state. All taxes collected under the provision of this section shall be paid to the State Treasurer for credit to the “boat suspense fund” hereby created. At the end of each month, the State Treasurer shall transfer 50% of the excise tax collections in the boat suspense fund to the Department, and the balance to the state general fund. The amounts transferred to the Department are appropriated for use by the Department for improvements and maintenance of lakes and boating facilities owned by the state and for administration and enforcement of the Boat Act.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Gross Receipts Tax Suspense Fund (77400) - The Governmental Gross Receipts Tax (GGRT) Suspense Fund (non-reverting) was established by Chapter 08, Laws of 1991. The Governmental Gross Receipts Tax Act, effective July 1, 1991, Section 7-9-4.1 NMSA 1978, states in pertinent part that "For the privilege of engaging in certain activities by governments, there is imposed on the State of New Mexico and any agency, institution, instrumentality or political subdivision... an excise tax of 5% of governmental gross receipts."

To account for the governmental gross receipts tax the agency must pay, the agency established the GGRT fund. Transferred to the fund from the operating fund, state parks fund and conservation planting revolving fund are monies that represent 5% of the collections for seedling sales and for admissions and campsite rentals at the various state parks. Payments of the governmental gross receipts tax to the TRD are effected through state warrants.

Oil Disposition Holding Fund (89100) - The Oil Disposition Holding Fund (non-reverting) was established by the Oil and Gas Proceeds Payment Act contained in sections 70-10-1 to 70-10-6 to hold funds until parties who have claim to these monies have been determined.

RETA Fund (10290) - The Renewable Energy Transmission Fund was established by Statute 62-16A-6. This fund was set up for the sole purpose of transferring the money appropriated to the Department to the Renewable Energy Transmission Authority (RETA). The Department is a pass-through entity for funds appropriated to RETA. This fund is non-reverting.

Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes, grants and appropriations. On an accrual basis, revenue from gross receipts taxes is recognized in the fiscal year for which the taxes are collected. Revenue from grants and appropriations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund types follow the modified accrual basis of accounting for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 90 days).

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Interest earned is accrued currently by the appropriate funds. Contributions, gross receipts tax 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.

Expenditures, other than vacation, compensatory and sick pay, are recorded when they are incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources. Interest expense is recognized when paid.

Federal Grants Receivable

Various reimbursement procedures are used for federal awards received by the Department. 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. Generally, receivables caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

Fund Balances

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or, in some cases, by legislation. See Note 20 for additional information about fund balances.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
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June 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first.

Budgets and Budgetary Accounting

The state Legislature makes annual appropriations to the Department. Annual appropriations lapse at fiscal year end unless otherwise specified in the legislation. Legal compliance is monitored through the establishment of a budget (modified accrual) and a financial control system that permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the category level. Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration (DFA) within the limitations as specified in the General Appropriations Act.

The budgetary legal authorization to incur obligations is on a basis that differs from the basis of accounting required by accounting principles generally accepted in the United States of America (GAAP). Significant differences between the budgetary basis and GAAP include the following:

The budget is adopted on a modified accrual basis of accounting that is consistent with GAAP. This basis was implemented with the Laws of 2004, Chapter 114, Section 3, paragraph N and paragraph O. There remains a difference, however, between the budgetary basis and the GAAP presentation which is a result of receipts in prior years and payments made in the current year on outstanding prior year encumbrances. Budgetary comparisons presented in the financial statements include a reconciliation to GAAP.

Interfund and Interagency Transactions

During the year, the Department makes various transfers of monies to fund debt service payments, capital projects and to reimburse the General Fund for costs incurred on behalf of other funds. Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue, are recorded as operating transfers in (out) under the other financing sources (uses) category. These transactions are eliminated in the statement of activities.

Modified Accrual

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange 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.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

Land improvements	20
Buildings and building improvements	25
Furniture and equipment	5 - 10
Vehicles	5

The Department capitalizes computer software, whether purchased or developed internally, in accordance with guidelines provided by the GSD Rule NMAC Chapter 20, Part 1, Sections 2.20.1.9C(5) and 2.20.1.10C, and FASB 86 accounting principles. Museum acquisitions are considered inexhaustible assets and therefore are not depreciated.

Compensated Absences

The Department accounts for the accumulated vacation leave on the accrual basis. Accrued vacation up to 240 hours is recorded in the Statement of Net Assets at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours less the amount classified as current is recorded in the Statement of Net Assets at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2014, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

Short-Term Debt

The Department did not have any short-term debt activity during the year.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Department, as a "State Agency" defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. The Department pays annual premiums to the Risk Management Division for various coverages. Please refer to Note 19 for additional information.

Use of Restricted Resources

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Department's policy to spend committed resources first.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2014.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2014.

Net Position

The government-wide statements utilize a net position presentation categorized as follows:

Net Investment in capital assets - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

Restricted net position - For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position used are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category reflects net position of the District not restricted for any project or other purpose.

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AND NATURAL RESOURCES DEPARTMENT
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NOTE 3 - PVE FUND GRANT EXPENDITURES

Various grant programs allocate expenditures to the Petroleum Violation Escrow (PVE) accounts included as cost centers in the General Fund and as Special Revenue Funds. These expenditures are included in the General Fund and within the Combined Special Revenue Funds. However, these expenditures have not been included within the accompanying Supplemental Schedule of Expenditures of Federal Awards because of the unique nature of these funds. Revenues included in the PVE Funds are derived from interest earned on deposits with the State Treasurer recorded as Other State Funds and federal draw downs from the U.S. Department of Energy. During the current fiscal year, the PVE accounts did not incur any expenditures.

NOTE 4 – STATE GENERAL FUND INVESTMENT POOL

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a “business unit by fund” level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled “Current State Diagnostic of Cash Control,” also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller/Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 – STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating any of the historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences will be reported in the State General Fund.

Amounts held by the Department are verified through periodic SHARE queries and reconciliations by fund. This process had been in place prior to the implementation of SHARE and it will continue at least monthly for the Department.

NOTE 5 - INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

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

At June 30, 2014 the Department had the following invested in the State General Fund Investment Pool:

Governmental funds - State General Fund Investment Pool	\$ 23,341,217
Fiduciary funds	\$ 104,387

Interest Rate Risk

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

Credit Risk

The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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June 30, 2014**

NOTE 6 - CASH DEPOSIT ACCOUNTS AND INVESTMENTS

Cash, other than petty cash, is deposited by the Department into its accounts with the State Treasurer and is pooled and invested by the State Treasurer. The Department is required by statute to deposit any money received into the State Treasury. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the Department.

Other bank accounts are used by the Department to deposit revenue from its various locations in order to transfer the funds into its accounts with the State Treasurer. The Department's investments are held by agents of the Department in the Department's name. All funds deposited at financial institutions were fully insured by the Federal Deposit Insurance Corporation up to \$250,000 at June 30, 2014.

<u>Account Name</u>	<u>Account Number</u>	<u>Type</u>	<u>Balances, June 30, 2014</u>
General Fund:			
Operating Fund	199-521	State Treasury Account	\$ -
Petty cash	N/A	Petty cash accounts	2,350
Other Cash	N/A	Other Cash Accounts	1,118
Special Revenue Funds:			
State Parks	2001-521	State Treasury Account	3,777,747
Motor Boat Fuel Tax Fund	309-521	State Treasury Account	295,991
Emergency Fire Disaster Fund	213-521	State Treasury Account	2,712,356
Oil Reclamation Fund	311-521	State Treasury Account	4,022,510
Conservation Planting Revolving Fund	321-521	State Treasury Account	77,659
Forest Land Protection Fund	322-521	State Treasury Account	1,321
Petroleum Violation Escrow Funds - Stripper Well	316-521	State Treasury Account	11,988
Surface Mining Permit Fees	319-521	State Treasury Account	94,180
Surface Mining Penalty Fund	320-521	State Treasury Account	6,565
Abandoned Mine Reclamation Fund	656-521	State Treasury Account	4,711,487
NM Mining Act Fund	566-621	State Treasury Account	356,037
NM Youth Conservation Corps	014-522	State Treasury Account	2,671,668
NM Mining Act Penalty Fund	731-521	State Treasury Account	70,818
Energy Efficiency Assessment Fund	2015-521	State Treasury Account	134,216
Inmate Workcamp Fund	956-521	State Treasury Account	236,042
Bank Accounts (see Schedule 2)	Various	Various	1,500
Other Cash	N/A	Other Cash Accounts	2,500
Petty Cash	N/A	Petty Cash Accounts	17,200

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NOTE 6 - CASH DEPOSIT ACCOUNTS AND INVESTMENTS (CONTINUED)

<u>Account Name</u>	<u>Account Number</u>	<u>Type</u>	<u>Balances, June 30, 2014</u>
Capital Projects Funds:			
Capital Projects GGRT	646-521	State Treasury Account	4,018,274
GF/STB	509-521	State Treasury Account	2,012
Debt Service Funds:			
Debt Service	300-521	State Treasury Account	140,346
NM Finance Authority	N/A	Bank Accounts	67,217
Bonds 1995 & 1995A	N/A	Repurchase Agreement	528,040
Bonds 1995B issuance	N/A	Repurchase Agreement	26,047
Bonds 1996B issuance	N/A	Repurchase Agreement	29,730
Bonds 1997A & 1997B issuance	N/A	Repurchase Agreement	354,313
Bonds 1998A & 1998B issuance	N/A	Repurchase Agreement	365,749
Bonds 2000A & 2000B issuance	N/A	Repurchase Agreement	370,995
Bonds 2003	N/A	Repurchase Agreement	504,424
Bonds 2010	N/A	Repurchase Agreement	<u>84,591</u>
Governmental funds cash and cash equivalents			<u>25,696,991</u>
Agency Funds:			
Boat Suspense Fund	773-521	State Treasury Account	54,494
GGRT Suspense Fund	774-521	State Treasury Account	28,535
Soil and Water Equipment Fund	775-521	State Treasury Account	-
Oil Disposition Holding Fund	891-521	State Treasury Account	21,358
Renewable Energy Transmission Fund	1029-521	State Treasury Account	<u>-</u>
Agency funds cash			<u>104,387</u>
Total cash and cash equivalents			<u>\$ 25,801,378</u>

The Bank of New York Mellon (previously Bank of Albuquerque) funds are held in reserve bank accounts for the 1995, 1996, 1997, 1998, 2001 and 2003 Series bonds received from the New Mexico Finance Authority.

Cash balances at June 30, 2014 consisted of cash invested with and confirmed by the State Treasurer. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50%. The State Treasurer is in compliance with this requirement. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, categories of risk involved and the market value of purchased investments, which may differ from the cash deposited by the Department (refer to

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTE 6 - CASH DEPOSIT ACCOUNTS AND INVESTMENTS (CONTINUED)

Schedule 2 – Schedules of Cash Accounts.) All pledged securities for the Department are held in the name of the New Mexico State Treasurer by the Federal Home Loan Bank of Dallas Texas, an independent custodian.

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Department will not be able to recover the value of its cash that is in the possession of an outside party. The Department's cash balances are exposed to custodial credit risk of \$11,557,524.

	Accounts at State Treasurer	BNY Mellon	All Other Banks
Total amount of deposit	\$ 23,445,604	\$ 2,263,889	\$ 84,240
Less FDIC	(250,000)	(250,000)	(84,240)
Total uninsured public money	23,195,604	2,013,889	-
50% collateral requirement (A)	11,597,802	-	-
102% reserve funds with BNY collateral requirement (B)	-	2,054,167	-
Total pledged	(11,597,802)	(2,054,167)	-
OVER (UNDER) PLEDGED	\$ (11,597,802)	\$ 40,278	\$ -

(A) This amount is held at the Office of the State Treasurer and is detailed in the report of the Office of the State Treasurer, whose audit is covered by a separate report. Detail specific for the collateral is commingled by the Office of the State Treasurer, and they monitor the adequacy of the funds pledged for collateral to ensure they are fully covered as required by the Laws of the State of New Mexico and related statutes.

(B) Bank of New York Mellon Pledges internal cash reserves of 102% of deposit amounts.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental-type Activities</u>	<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjust./ Reclass.</u>	<u>Balance, June 30, 2014</u>
Buildings and improvements	\$ 77,189,374	\$ 539,028	\$ (626,878)	\$ 1,811,955	\$ 78,913,479
Data processing equipment	989,686	136,503	-	-	1,126,189
Equipment and machinery	13,939,301	517,275	(153,972)	29,287	14,331,891
Furniture and fixtures	486,075	-	(9,027)	-	477,048
Land improvements	28,262,929	98,020	(9,862)	404,906	28,755,993
Vehicles and automotive	8,340,333	553,141	(176,981)	-	8,716,493
Intangibles	21,000	-	-	-	21,000
Total	<u>129,228,698</u>	<u>1,843,967</u>	<u>(976,720)</u>	<u>2,246,148</u>	<u>132,342,093</u>
Accumulated depreciation:					
Buildings and improvements	(38,144,654)	(2,965,116)	425,277	-	(40,684,493)
Data processing equipment	(616,725)	(147,648)	-	-	(764,373)
Equipment and machinery	(10,990,946)	(589,411)	151,352	-	(11,429,005)
Furniture and fixtures	(441,563)	(11,808)	8,299	-	(445,072)
Land improvements	(18,260,018)	(1,019,746)	6,089	-	(19,273,675)
Vehicles and automotive	(6,963,988)	(595,606)	176,981	-	(7,382,613)
Intangibles	(583)	-	-	-	(583)
Total accumulated depreciation	<u>(75,418,477)</u>	<u>(5,329,335)</u>	<u>767,998</u>	<u>-</u>	<u>(79,979,814)</u>
Assets not being depreciated:					
Projects in Progress	1,658,859	2,873,934	(376,405)	(2,246,148)	1,910,240
Library and museum acquisitions	556,231	-	-	-	556,231
Land	8,246,905	-	-	-	8,246,905
Intangibles - Easements	8,169,318	-	-	-	8,169,318
Total	<u>18,631,313</u>	<u>2,873,934</u>	<u>(376,405)</u>	<u>(2,246,148)</u>	<u>18,882,694</u>
Net total	<u>\$ 72,441,534</u>	<u>\$ (611,434)</u>	<u>\$ (585,127)</u>	<u>\$ -</u>	<u>\$ 71,244,973</u>

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NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental function as follows:

Renewable Energy Program	\$ 310,056
Healthy Forests Program	928,095
State Parks Program	1,521,299
Mine Reclamation Program	428,823
Oil & Gas Conservation Program	768,935
Program Support	389,476
Conservation	315,157
Fire Disasters	<u>667,494</u>
Total	<u>\$ 5,329,335</u>

NOTE 8 - REVERSION OF FUNDS

In accordance with statute Section 6-5-10(A) NMSA 1978, unrestricted fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert. A total of \$2,131,220 was paid to the State General Fund during the year. Of the total reversion expense, \$667,308 is payable at June 30, 2014 and due by September 30, 2014. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

	<u>Reversion Amount</u>	<u>Fiscal Year of Appropriation or Collection</u>
General Fund Appropriation	\$ 21,493	2014
Special Revenue Fund - Emergency Fire Disaster	193,632	2014
Special Revenue Fund - Emergency Fire Disaster	1,939,035	2013
Parks Special Appropriation	100,000	2012
Special Revenue Fund - Emergency Fire Disaster	532,315	2012
Special Revenue Fund - Emergency Fire Disaster	<u>11,139</u>	2011
Total Governmental Funds	<u>\$ 2,797,614</u>	

Of these reversion amounts due to the State General Fund for the year ended June 30, 2014, \$655,026 was paid on September 30, 2014. The remaining \$11,368 is expected to be paid within 45 days of the release of this audit. The current year reversions due to the State General Fund as of June 30, 2014 were as follows:

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June 30, 2014**

NOTE 8 – REVERSION OF FUNDS (CONTINUED)

General Fund	\$ 21,591*
Special Revenue Fund – Emergency Fire Disaster	<u>645,717*</u>
Total Governmental Funds	<u>\$ 667,308</u>

*Due to the State General fund includes a balance of \$98 in the General fund and \$816 in the Emergency Fire Disaster fund related to stale dated warrants.

NOTE 9 - LONG-TERM DEBT

The changes to long-term debt are as follows:

	Balance, June 30, 2013	Increase	(Decrease)	Balance, June 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 1,509,409	\$ 1,279,851	\$ (1,142,408)	\$ 1,646,852	\$ 1,336,868
Federal loan proceeds	979,581	-	(979,581)	-	-
Bonds issued, 1995A & 1995B	42,718	-	(21,043)	21,675	21,675
Bonds issued, 1996A & 1996B	74,150	-	(23,990)	50,160	24,709
Bonds issued, 1997A & 1997B	1,342,845	-	(308,168)	1,034,677	329,013
Bonds issued, 1998A & 1998B	1,709,941	-	(309,184)	1,400,757	325,059
Bonds issued, 2001	2,161,136	-	(268,782)	1,892,354	280,850
Bonds issued, 1995A & 1996A	1,268,000	-	(488,000)	780,000	508,000
Bonds issued, 2003	4,345,401	-	(364,053)	3,981,348	376,790
Bonds issued, 2010 equipment	<u>541,145</u>	<u>-</u>	<u>(100,500)</u>	<u>440,645</u>	<u>100,500</u>
Net total	<u>\$ 13,974,326</u>	<u>\$ 1,279,851</u>	<u>\$ (4,005,709)</u>	<u>\$ 11,248,468</u>	<u>\$ 3,303,464</u>

Typically, the General Fund has been used to liquidate other long-term liabilities.

A long-term obligation of \$979,581 resulting from federal loan proceeds received to fund construction of recreational facilities at Brantley Reservoir, which was completed during 1992, was retired in full during fiscal year 2014. The funding was provided by the Bureau of Reclamation created by Federal Contract No. 7-07-57-X0888. A base amount of \$914,500 plus 50% of federal funds received by the state in excess of \$914,500 was to be repaid to the federal government. The other 50% in excess of this amount has been recognized as federal revenue.

The principle balance amount of \$979,581 was paid in fiscal year 2014. Interest expense for the fiscal year was \$146,600.

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NOTE 9 - LONG-TERM DEBT (CONTINUED)

During the 1996 fiscal year, the Parks Division issued series 1995A and 1995B Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. Series 1995A was issued for \$3,330,000 and Series B for \$333,000, with a total issuance cost of \$77,348. The 1995A bond series were paid off in a prior year with the 1995/1996 Series A bond issue. These bonds are pledged to be repaid by Parks and Recreation Division's share of governmental gross receipts tax. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rates on the series vary from 3 to 6%. The issuances require a reserve of \$285,365 to be maintained in a debt service fund. Interest expense for the current fiscal year was \$1,175. The current portion of long-term debt is \$21,675. Current principal and interest payments were approximately 0.3% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series B:			
2015	\$ 21,675	\$ 596	\$ 22,271
Total	<u>\$ 21,675</u>	<u>\$ 596</u>	<u>\$ 22,271</u>

During the 1997 fiscal year, the Parks Division issued series 1996A and 1996B Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. Series 1996A was issued for \$3,510,000 and Series 1996B for \$390,000, with issuance costs of \$75,250. The 1996A bond series were paid off in the prior year with the 1995/1996 Series A bond issue. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rates on the 1996 series bonds vary from 3 to 6%. The issuances require a reserve of \$296,100 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$2,039. The current portion of long-term debt is \$24,709. Current principal and interest payments were approximately 0.3% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series B:			
2015	\$ 24,709	\$ 1,379	\$ 26,088
2016	<u>25,451</u>	<u>700</u>	<u>26,151</u>
Total	<u>\$ 50,160</u>	<u>\$ 2,079</u>	<u>\$ 52,239</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTE 9 - LONG-TERM DEBT (CONTINUED)

During the 1998 fiscal year, the Parks Division issued series 1997A and 1997B Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. Series 1997A was issued for \$4,245,000 and Series 1997B for \$471,667, with issuance costs of \$106,995. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rates on the 1997 series bonds vary from 3 to 6%. The issuances require a reserve of \$352,885 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$71,411. The current portion of long-term debt is \$329,013. Current principal and interest payments were approximately 4.7% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series A:			
2015	\$ 300,000	\$ 52,770	\$ 352,770
2016	315,000	36,120	351,120
2017	<u>330,000</u>	<u>18,480</u>	<u>348,480</u>
Total A Series	<u>945,000</u>	<u>107,370</u>	<u>1,052,370</u>
Series B:			
2015	29,013	2,466	31,479
2016	29,884	1,668	31,552
2017	<u>30,780</u>	<u>846</u>	<u>31,626</u>
Total B Series	<u>89,677</u>	<u>4,980</u>	<u>94,657</u>
Grand Total	<u>\$ 1,034,677</u>	<u>\$ 112,350</u>	<u>\$ 1,147,027</u>

During the 1999 fiscal year, the Parks Division issued series 1998A and 1998B Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. Series 1998A was issued for \$4,530,000 and Series 1998B for \$503,334, with issuance costs of \$105,721. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rates on the 1998 series bonds vary from 3 to 8%. The issuances require a reserve of \$364,275 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$84,866. The current portion of long-term debt is \$325,059. Current principal and interest payments were approximately 4.8% of total gross receipts tax revenue.

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NOTE 9 - LONG-TERM DEBT (CONTINUED)

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series A:			
2015	\$ 295,000	\$ 66,325	\$ 361,325
2016	310,000	51,133	361,133
2017	325,000	35,013	360,013
2018	<u>345,000</u>	<u>18,113</u>	<u>363,113</u>
 Total A Series	 <u>1,275,000</u>	 <u>170,584</u>	 <u>1,445,584</u>
Series B:			
2015	30,059	3,458	33,517
2016	30,961	2,632	33,593
2017	31,890	1,780	33,670
2018	<u>32,847</u>	<u>903</u>	<u>33,750</u>
 Total B Series	 <u>125,757</u>	 <u>8,773</u>	 <u>134,530</u>
 Grand Total	 <u>\$ 1,400,757</u>	 <u>\$ 179,357</u>	 <u>\$ 1,580,114</u>

During the 2001 fiscal year, the Parks Division issued series 2001 Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. The 2001 Series was issued for \$4,825,403 with issuance costs of \$82,032. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rate on the 2001 series bonds is 4.7%. The issuances require a reserve of \$369,501 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$100,718. The current portion of long-term debt is \$280,850. Current principal and interest payments were approximately 4.5% of total gross receipts tax revenue.

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June 30, 2014**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001 Series:			
2015	\$ 280,850	\$ 88,650	\$ 369,500
2016	293,629	75,871	369,500
2017	307,165	62,335	369,500
2018	321,479	48,021	369,500
2019	336,621	32,880	369,501
2020	<u>352,610</u>	<u>16,890</u>	<u>369,500</u>
Total	<u>\$ 1,892,354</u>	<u>\$ 324,647</u>	<u>\$ 2,217,001</u>

During the 2004 fiscal year, the Parks Division issued series 1995/1996 Series A bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds refunded the debt on the 1995 Series A and 1996 Series A bonds. The 1995\1996 Series A were issued for \$5,215,000 with issuance costs of \$13,038. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rate on the 1995\1996 Series A bonds is 4.4672%. The issuances require a reserve of \$467,500 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$59,110. The current portion of long-term debt is \$508,000. Current principal and interest payments were approximately 6.6% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995/1996 Series A:			
2015	\$ 508,000	\$ 34,969	\$ 542,969
2016	<u>272,000</u>	<u>10,149</u>	<u>282,149</u>
Total	<u>\$ 780,000</u>	<u>\$ 45,118</u>	<u>\$ 825,118</u>

During the 2004 fiscal year, the Parks Division issued series 2003 Series bonds. These bonds were issued in accordance with 16-2-21 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the acquiring, developing, operating and maintaining of state parks and recreation areas. The 2003 Series was issued for \$7,338,915 with issuance costs of \$82,032. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rate on the 2003 Series bonds is 3.823%. The issuances require a

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NOTE 9 - LONG-TERM DEBT (CONTINUED)

reserve of \$541,514 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$166,212. The current portion of long-term debt is \$376,790. Current principal and interest payments were approximately 6.3% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003 Series:			
2015	\$ 376,790	\$ 154,417	\$ 531,207
2016	390,578	141,606	532,184
2017	405,535	127,662	533,197
2018	421,553	112,698	534,251
2019	438,627	96,721	535,348
2020 - 2023	<u>1,948,265</u>	<u>205,046</u>	<u>2,153,311</u>
Total	<u>\$ 3,981,348</u>	<u>\$ 838,150</u>	<u>\$ 4,819,498</u>

During the 2010 fiscal year, the Parks Division issued series 2010 Series bonds. These bonds were issued in accordance with 16-2-22 through 16-2-29 NMSA 1978, "State Park and Recreation Bond Act". These bonds were issued to provide for the purchase of heavy equipment to be used for the development, operations and maintenance of state parks and recreation areas. The 2010 Series was issued for \$842,647 with issuance costs of \$12,453. Parks and Recreation Division's share of governmental gross receipts tax is pledged to repay these bonds. The approximate amount of the pledge is equal to the remaining principal and interest payments on the debt. Excess gross receipts tax is available for other purposes. Interest rate on the 2010 Series bonds is 2.164%. The issuances require a reserve of \$84,250 to be maintained in the debt service fund. Interest expense for the current fiscal year was \$12,509. The current portion of long-term debt is \$100,500. Current principal and interest payments were approximately 1.3% of total gross receipts tax revenue.

Maturities of the bond issuances for the next five years and thereafter are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010 Series:			
2015	\$ 100,500	\$ 10,750	\$ 111,250
2016	<u>340,145</u>	<u>8,640</u>	<u>348,785</u>
Total	<u>\$ 440,645</u>	<u>\$ 19,390</u>	<u>\$ 460,035</u>

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NOTE 10 - DUE FROM AND DUE TO OTHER FUNDS

Due from and due to other funds as of June 30, 2014 are as follows:

<u>Amounts Due from Other Funds</u>			<u>Amounts Due to Other Funds</u>		
<u>Transfers to Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Transfers from - Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>
Governmental Funds:			Governmental funds:		
General Fund	19900	\$ 34,847	General Fund	19900	\$ 2,554,628
State Parks	20010	63,689	General Fund	19902	11,562
Oil Reclamation Fund	31100	4,007,758	State Parks	20010	8
Inmate Work Camp	95600	<u>2,700</u>	Emergency Fire/ Insect & Disaster	21300	23,978
			ARRA	89000	792
			STB Capital Outlay	89200	<u>1,454,337</u>
Total governmental funds		<u>4,108,994</u>	Total governmental funds		4,045,305
			Fiduciary funds:		
			Boat Suspense Fund	77300	<u>63,689</u>
Total		<u>\$ 4,108,994</u>	Total		<u>\$ 4,108,994</u>

The due to/due from other funds arise when transactions occur in one fund that are partially attributable to another fund or funds. All transfers were made for operational activity purposes. All balances are expected to be paid within one year.

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NOTE 11 - DUE FROM AND DUE TO OTHER STATE AGENCIES

Due from and due to other state agencies represent interagency receivables and payables arising from interagency transactions.

Due to Other State Agencies	Fund No.	Amount	Due to Agency/Fund	Fund No.	Amount
Governmental funds:			Governmental funds:		
General Fund	19900	\$ 21,591	Dept. of Health (WIPP)	06104	\$ 5,046
	19902	113,878	Dept of Public Safety (WIPP)	12804	26,141
			General Services Dept.	97000	82,691
			State General Fund	85300	21,591
State Parks	20010	150	Environment Dept. (WIPP)	06400	150
Emergency Fire/ Insect & Disaster	21300	653,292	State General Fund	85400	645,717
			Corrections Department	90700	7,575
Capital Projects-STB	89200	<u>81,023</u>	Environment Dept.	89200	<u>81,023</u>
Total governmental funds		<u>869,934</u>	Total governmental funds		<u>869,934</u>
Agency funds:			Agency funds:		
Boat Suspense Fund	77300	63,689	Dept. of Finance & Admin.	85300	63,689
GGRT Suspense Fund	77400	<u>28,535</u>	Taxation & Revenue Dept.	70700	<u>28,535</u>
Total agency funds		<u>92,224</u>	Total agency funds		<u>92,224</u>
Total all funds		<u>\$ 962,158</u>	Total all funds		<u>\$ 962,158</u>

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June 30, 2014

NOTE 11 - DUE FROM AND DUE TO OTHER STATE AGENCIES (CONTINUED)

Due from Other State Agencies	Fund No.	Amount	Due from Agency/Fund	Fund No.	Amount
Governmental funds:			Governmental funds:		
YCC	01400	\$ 549,282	Taxation & Revenue Dept.	83200	\$ 549,282
General Fund	19900	1,650	Environment Dept.	34100	1,650
State Parks	20010	337,649	Game and Fish	19800	279,758
			Taxation & Revenue Dept.	81900	586
			Taxation & Revenue Dept.	82500	53,457
			Taxation & Revenue Dept.	82800	3,848
Motor Boal Fuel Tax	30900	33,218	Taxation & Revenue Dept.	82800	33,218
Oil Reclamation Fund	31100	1,717,322	Taxation & Revenue Dept.	83300	1,717,322
Petroleum Violation Escrow Fund	31600	1	State Treasurer's Office	80100	1
Conservation Planting	32100	766	Taxation & Revenue Dept.	81900	766
Capital Projects-GGRT	64600	768,888	Taxation & Revenue Dept.	83200	768,888
Abandoned Mine Reclamation Fund	65600	359	State Treasurer's Office	80100	359
STB Capital Projects	89200	<u>2,066,682</u>	Dept. of Finance & Admin.	10730	664,290
			Dept. of Finance & Admin.	11350	75,471
			Dept. of Finance & Admin.	11450	43,514
			Dept. of Finance & Admin.	11720	620,479
			Dept. of Finance & Admin.	11730	<u>662,928</u>
Total governmental funds		<u>5,475,817</u>	Total governmental funds		<u>5,475,817</u>
Agency funds:			Agency funds:		
Boat Suspense Fund	77300	72,884	Taxation & Revenue Dept.	82500	72,884
Oil Disposition Holding Fund	89100	<u>2</u>	State Treasurer's Office	80100	<u>2</u>
Total agency funds		<u>72,886</u>	Total agency funds		<u>72,886</u>
Total all funds		<u>\$ 5,548,703</u>	Total all funds		<u>\$ 5,548,703</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
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June 30, 2014**

NOTE 12 - TRANSFERS

Interagency and interfund transfers as of June 30, 2014 were as follows:

A - Intra-agency Transfers

<u>Agency/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
19900 General Fund	\$ 1,226,318	\$ -	\$ 1,226,318
20010 State Parks	300,000	(563,174)	(263,174)
21300 Emergency Fire Disaster	-	(80,792)	(80,792)
30000 Debt Service	2,400,000	-	2,400,000
31100 Oil Reclamation	-	(233,152)	(233,152)
56600 NM Mining Act	-	(116,200)	(116,200)
64600 Cap Projects - GGRT	-	(2,455,000)	(2,455,000)
95600 Inmate Work Camp	-	(28,000)	(28,000)
14000 Youth Conservation Corps	-	(450,000)	(450,000)
Total	<u>\$ 3,926,318</u>	<u>\$ (3,926,318)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12 - TRANSFERS (CONTINUED)

B - Inter-agency Transfers

<u>Agency/Fund</u>		<u>Transfers In</u>	<u>Transfers Out</u>
19900	General Fund - Reg Appropriation	\$ 10,444,300	\$ -
85300	Dept. of Finance & Administration	-	(10,444,300)
19900	General Fund - Reversion	-	(21,493)
85300	Dept. of Finance & Administration	21,493	-
19900	General Fund	116,489	(1,015,349)
06104	Department of Health	116,977	-
06400	Environment Department	210,637	(60,839)
12804	Department of Public Safety	331,726	-
20054	Department of Homeland Sec	114,174	-
34100	Environment Department	-	(55,650)
55000	Public Reg Commission	147,597	-
97000	General Services Department	94,238	-
20010	State Parks		(100,000)
85300	Dept. of Finance & Administration	100,000	
20010	State Parks	11,138,508	(150)
19800	Game & Fish	-	(315,108) *
06400	Environment Department	150	
85300	Dept. of Finance & Administration		(10,823,400)
21300	Emergency Fire Disaster	2,250,000	(2,676,121)
85300	Dept. of Finance & Administration	-	(2,250,000)
85400	Dept. of Finance & Administration	2,676,121	-

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12 - TRANSFERS (CONTINUED)

B - Inter-agency Transfers

<u>Agency/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
89200 Cap Projects - STB	3,354,030	(336,024)
89200 Environment Department	336,024	-
10730 Dept. of Finance & Administration	-	(3,111,172)
10740 Dept. of Finance & Administration	-	(33,564)
11350 Dept. of Finance & Administration	-	(155,072)
11450 Dept. of Finance & Administration	-	(54,222)
Total	\$ 31,452,464	\$ (31,452,464)

* Amount is a Federal expenditure recorded in State Parks Expenses.

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NOTE 13 - SPECIAL APPROPRIATIONS AND GOVERNOR'S EXECUTIVE ORDERS

The Governor issued executive orders during the 2014 fiscal year to fund the Emergency Fire Disaster Program (21300). Any unexpended or unencumbered amounts revert in the subsequent fiscal year. The Department requested and received \$2,250,000 during the 2014 fiscal year. \$80,792 of this was transferred to the general fund for administrative costs, leaving \$2,169,208 in the emergency fire fund.

NOTE 14 - PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$2,908,893, \$2,616,185 and \$2,533,822, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 15 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare

**STATE OF NEW MEXICO ENERGY, MINERALS,
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**NOTE 15 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

Funding Policy

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

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, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each

**STATE OF NEW MEXICO ENERGY, MINERALS,
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June 30, 2014**

**NOTE 15 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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

The Department's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$350,690, \$346,952 and \$345,405, respectively, which equal the required contributions for each year.

NOTE 16 - OPERATING LEASE COMMITMENT

The Department leases certain equipment and premises under numerous operating leases. Leases are subject to future appropriation and as such are cancelable by the Department at the end of a fiscal year. Rental expense for the year ended June 30, 2014 was \$230,758.

The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining non-cancelable terms in excess of one year as of June 30, 2014.

Years ending June 30:

2015	\$ 171,428
2016	148,198
2017	68,686
2018	36,276
2019	6,050
2020 and thereafter	<u>-</u>
Total	<u>\$ 430,638</u>

NOTE 17 – LEASING ACTIVITIES

The Department has and maintains operating leases consisting primarily of Department-owned communication towers leased to non-state entities. The following schedule presents minimum future rentals receivable from these operating leases:

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 17 – LEASING ACTIVITIES (CONTINUED)

Years ending June 30:

2015	\$ 32,074
2016	24,876
2017	21,770
2018	21,601
2019	<u>13,174</u>
Total	<u>\$ 113,495</u>

NOTE 18 - CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)

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

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

In the case of civil actions or claims against the Department for financial damages, the Department's certificate of insurance with Risk Management does not cover claims for back wages but does cover civil rights claims for other compensatory damages.

NOTE 19 - RISK MANAGEMENT

The Department obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes public liability, property, workers compensation, surety bond unemployment compensation and group health insurance. These coverages are designed to satisfy the requirements of the State Tort Claims Act. The maximum limits provided by the Tort Claims Act are \$1,050,000 per occurrence.

The Department had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal years ended June 30, 2014, 2013 and 2012, there were no settlements that exceeded insurance coverage.

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTE 20 - FUND BALANCE RESTRICTIONS

Per GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following are the fund balance classifications. The Department's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2014 follows:

Fund Name	Restricted	Committed
General Fund		
Oil and Gas Conservation Program	\$ -	\$ 358,302
Emergency Fire Disaster		
Fire Disaster	7,626,041	-
Abandoned Mine Reclamation		
Mine Reclamation Program	4,711,846	-
State Parks		
State Parks Program	-	3,653,607
Debt Service		
Debt Service Activity	2,471,452	-
Capital Projects - GGRT		
Capital Projects Activity	4,288,973	-
Motor Boat Fuel Tax		
State Parks Program	246,907	82,302
Oil Reclamation Fund		
Oil & Gas Conservation Program	9,225,403	-
Conservation Planting Revolving Fund		
Healthy Forests Program	65,176	-
Forest Land Protection		
Healthy Forests Program	1,321	-
Petroleum Violation Escrow-Stripper Well		
Renewable Energy Program	11,989	-
Surface Mining Permit Fees		
Mine Reclamation Program	-	93,409
New Mexico Mining Act Penatly		
Mine Reclamation Program	70,818	-
Surface Mining Penalty Fund		
Mine Reclamation Program	6,565	-

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 20 - FUND BALANCE RESTRICTIONS (CONTINUED)

<u>Fund Name</u>	<u>Restricted</u>	<u>Committed</u>
New Mexico Mining Act		
Mine Reclamation Program	341,226	-
Inmate Work Camp		
Healthy Forests Program	250,988	-
Energy Efficiency Assessment		
Renewable Energy Program	134,216	-
Youth Conservation Corps		
Conservation	1,925,174	-
Capital Projects Fund - GF/STB		
Capital Projects Activity	2,012	-
Capital Projects Fund - STB		
Capital Projects Activity	-	-
Total	<u>\$ 31,380,107</u>	<u>\$ 4,187,620</u>

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Restatement of Government-Wide Financial Statements

Governmental Activities: During the current year, it was determined that tax revenues were not reported on an accrual basis of accounting. Fiscal year 2013 revenues totaling \$1,587,997 were incorrectly reported in the fiscal year 2014 Government-Wide Financial Statements. Beginning net position was adjusted to reflect prior year revenues that were not recorded in fiscal year 2013.

	<u>Beginning Net Position</u>	<u>Tax Revenue Restatement</u>	<u>Net Position As Restated</u>
Governmental Activities	<u>\$ 95,840,939</u>	<u>\$ 1,587,997</u>	<u>\$ 97,428,936</u>
Total	<u>\$ 95,840,939</u>	<u>\$ 1,587,997</u>	<u>\$ 97,428,936</u>

The above adjustment increased the change in net position \$1,587,997 for the prior year and had no impact on the current year change in net position.

STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 21 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Restatement of Beginning Balances

The beginning fund balance of the Youth Conservation Corps Fund, Motor Boat Fuel Tax Fund, Oil Reclamation Fund, and Capital Projects Fund have been restated on the fund basis financial statements to record the prior period adjustment to correct tax revenues that were not recorded in fiscal year 2013. A reconciliation of the prior period ending fund balances to the current year beginning fund balances for the aforementioned funds is as follows:

Youth Conservation Corps Fund (01400)

Beginning fund balance	\$ 1,911,583
Adjustment to correct tax revenues	<u>621,118</u>
Beginning fund balance, as restated	<u>\$ 2,532,701</u>

Motor Boat Fuel Tax Fund (30900)

Beginning fund balance	\$ 298,707
Adjustment to correct tax revenues	<u>18,649</u>
Beginning fund balance, as restated	<u>\$ 317,356</u>

Oil Reclamation Fund (31100)

Beginning fund balance	\$ 7,280,103
Adjustment to correct tax revenues	<u>492,194</u>
Beginning fund balance, as restated	<u>\$ 7,772,297</u>

Capital Projects GGRT Fund (64600)

Beginning fund balance	\$ 4,994,586
Adjustment to correct tax revenues	<u>456,036</u>
Beginning fund balance, as restated	<u>\$ 5,450,622</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
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NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 22 – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements. GASBS No. 68 will require the Department to record its proportionate share of the unfunded pension plan liabilities in the New Mexico State Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

GENERAL FUND - ENERGY EFFICIENCY (RENEWABLE ENERGY)				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	2,847,100	2,877,429	1,919,492	(957,937)
State General Fund appropriation:				
Regular	598,300	598,300	598,300	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	5,700	5,700	5,700	-
Proceeds from sale of capital assets	-	-	7,770	7,770
Other income	-	-	3,786	3,786
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 3,451,100</u>	<u>\$ 3,481,429</u>	<u>2,535,048</u>	<u>\$ (946,381)</u>
EXPENDITURES				
Personal services and benefits	\$ 1,318,300	\$ 1,318,300	1,078,117	\$ 240,183
Contractual services	487,400	509,959	334,688	175,271
Other costs	179,800	187,570	182,356	5,214
Other financing uses	1,465,600	1,465,600	930,682	534,918
TOTAL EXPENDITURES	<u>\$ 3,451,100</u>	<u>\$ 3,481,429</u>	<u>2,525,843</u>	<u>\$ 955,586</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			9,205	
GAAP BASIS RECONCILIATION				
Reversions			(1,246)	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 7,959</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

GENERAL FUND - FORESTRY				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ 28,800	\$ 28,800	\$ 26,677	\$ (2,123)
Federal funds	10,546,400	10,846,400	7,509,637	(3,336,763)
State General Fund appropriation:				
Regular	2,992,100	2,992,100	3,142,100	150,000
Special	125,000	125,000		(125,000)
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	25,500	25,500	106,292	80,792
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	7,024	7,024
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 13,717,800</u>	<u>\$ 14,017,800</u>	<u>10,791,730</u>	<u>\$ (3,226,070)</u>
EXPENDITURES				
Personal services and benefits	\$ 4,451,500	\$ 4,751,500	4,474,779	\$ 276,721
Contractual services	1,159,200	1,159,200	502,295	656,905
Other costs	8,107,100	8,107,100	5,644,913	2,462,187
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 13,717,800</u>	<u>\$ 14,017,800</u>	<u>10,621,987</u>	<u>\$ 3,395,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			169,743	
GAAP BASIS RECONCILIATION				
Reversions			(575)	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 169,168</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

GENERAL FUND - MINE RECLAMATION PROGRAM				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	6,997,600	6,997,600	4,008,098	(2,989,502)
State General Fund appropriation:				
Regular	383,300	383,300	383,300	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	3,700	3,700	3,700	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	636	636
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 7,384,600</u>	<u>\$ 7,384,600</u>	<u>4,395,734</u>	<u>\$ (2,988,866)</u>
EXPENDITURES				
Personal services and benefits	\$ 2,413,900	\$ 2,413,900	2,106,912	\$ 306,988
Contractual services	4,732,300	4,732,300	2,096,007	2,636,293
Other costs	238,400	238,400	190,390	48,010
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 7,384,600</u>	<u>\$ 7,384,600</u>	<u>4,393,309</u>	<u>\$ 2,991,291</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			2,425	
GAAP BASIS RECONCILIATION				
Reversions			(2,425)	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	GENERAL FUND - VOLUNTARY COMPLIANCE (OIL & GAS CONS.)			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	-	\$ -
Federal funds	323,200	323,200	261,609	(61,591)
State General Fund appropriation:				
Regular	3,589,400	3,589,400	3,589,400	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	39,400	39,400	85,050	45,650
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	<u>127,000</u>	<u>127,000</u>	<u>-</u>	<u>(127,000)</u>
TOTAL REVENUES	<u>\$ 4,079,000</u>	<u>\$ 4,079,000</u>	<u>3,936,059</u>	<u>\$ (142,941)</u>
EXPENDITURES				
Personal services and benefits	\$ 3,199,900	\$ 3,199,900	3,167,217	\$ 32,683
Contractual services	137,000	152,000	140,314	11,686
Other costs	627,100	612,100	525,762	86,338
Other financing uses	<u>115,000</u>	<u>115,000</u>	<u>84,667</u>	<u>30,333</u>
TOTAL EXPENDITURES	<u>\$ 4,079,000</u>	<u>\$ 4,079,000</u>	<u>3,917,960</u>	<u>\$ 161,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			18,099	
GAAP BASIS RECONCILIATION				
Reversions			(13,028)	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 5,071</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	GENERAL FUND - PROGRAM SUPPORT			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	1,127,600	1,127,600	860,558	(267,042)
State General Fund appropriation:				
Regular	2,644,900	2,644,900	2,644,900	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	1,176,700	1,211,700	1,167,526	(44,174)
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	106	106
Fund balance	-	-	-	-
TOTAL REVENUES	\$ 4,949,200	\$ 4,984,200	4,673,090	\$ (311,110)
EXPENDITURES				
Personal services and benefits	\$ 4,296,600	\$ 4,296,600	4,024,652	\$ 271,948
Contractual services	159,000	193,125	191,348	1,777
Other costs	493,600	494,475	448,270	46,205
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 4,949,200	\$ 4,984,200	4,664,270	\$ 319,930
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			8,820	
GAAP BASIS RECONCILIATION				
Reversions			(4,219)	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			\$ 4,601	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

DEBT SERVICE FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	9,811	9,811
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	2,400,000	2,400,000	2,400,000	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>2,409,811</u>	<u>\$ 9,811</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	2,400,000	2,400,000	2,395,441	4,559
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>2,395,441</u>	<u>\$ 4,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			14,370	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 14,370</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

CAPITAL PROJECTS GGRT				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	4,599,000	4,599,000	4,994,720	395,720
Bond proceeds	-	-	-	-
Other financing sources	-	827,600	-	(827,600)
Proceeds from sale of capital assets	-	-	570,000	570,000
Other income	-	-	821,263	821,263
Fund balance	<u>872,400</u>	<u>2,602,400</u>	<u>-</u>	<u>(2,602,400)</u>
TOTAL REVENUES	<u>\$ 5,471,400</u>	<u>\$ 8,029,000</u>	<u>6,385,983</u>	<u>\$ (1,643,017)</u>
EXPENDITURES				
Personal services and benefits	\$ 279,600	\$ 379,600	368,181	\$ 11,419
Contractual services	35,000	100,000	31,082	68,918
Other costs	2,701,800	5,071,800	4,632,509	439,291
Other financing uses	<u>2,455,000</u>	<u>2,477,600</u>	<u>2,455,000</u>	<u>22,600</u>
TOTAL EXPENDITURES	<u>\$ 5,471,400</u>	<u>\$ 8,029,000</u>	<u>7,486,772</u>	<u>\$ 542,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			(1,100,789)	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>(60,860)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ (1,161,649)</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING BALANCE SHEET - BY FUND TYPE -
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investment in State Treasurer General			
Fund Investment Pool	7,978,995	2,012	7,981,007
Receivables:		-	
Due from other funds	4,010,458	-	4,010,458
Due from fiduciary fund	-	-	-
Due from other state agencies	2,300,589	2,066,682	4,367,271
Other receivables	5,009	-	5,009
Federal government	15,400	-	15,400
	<u>\$ 14,310,451</u>	<u>\$ 2,068,694</u>	<u>\$ 16,379,145</u>
TOTAL ASSETS			
	<u>\$ 14,310,451</u>	<u>\$ 2,068,694</u>	<u>\$ 16,379,145</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,817,346	\$ 531,322	\$ 2,348,668
Accrued payroll	37,611	-	37,611
Due to other state agencies	-	81,023	81,023
Due to Fiduciary funds	-	-	-
Due to other funds	-	1,454,337	1,454,337
	<u>1,854,957</u>	<u>2,066,682</u>	<u>3,921,639</u>
Total liabilities			
	<u>1,854,957</u>	<u>2,066,682</u>	<u>3,921,639</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	12,279,783	2,012	12,281,795
Committed	175,711	-	175,711
	<u>12,455,494</u>	<u>2,012</u>	<u>12,457,506</u>
Total fund balances			
	<u>12,455,494</u>	<u>2,012</u>	<u>12,457,506</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 14,310,451</u>	<u>\$ 2,068,694</u>	<u>\$ 16,379,145</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BY FUND TYPE -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Interest	\$ 9	\$ -	\$ 9
Other state funds	1,003,254	-	1,003,254
Federal funds	107,600	-	107,600
Gross receipts tax	3,568,279	-	3,568,279
Conservation taxes	7,004,531	-	7,004,531
Gasoline tax	192,288	-	192,288
Other	70,368	-	70,368
	<u>11,946,329</u>	<u>-</u>	<u>11,946,329</u>
Total revenues			
EXPENDITURES			
Current			
Renewal Energy Program	-	2,105,269	2,105,269
Healthy Forests Program	389,322	-	389,322
State Parks Program	135,435	72,926	208,361
Mine Reclamation Program	683,654	-	683,654
Oil & Gas Conservation Program	5,271,226	-	5,271,226
Program Support	-	-	-
Conservation	3,725,806	-	3,725,806
Capital outlay	146,034	930,369	1,076,403
Debt service-principal	-	-	-
Debt service-interest	-	-	-
Debt service-miscellaneous	-	-	-
	<u>10,351,477</u>	<u>3,108,564</u>	<u>13,460,041</u>
TOTAL EXPENDITURES			

	Special Revenue Funds	Capital Projects Fund	Total
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,594,852	(3,108,564)	(1,513,712)
OTHER FINANCING SOURCES (USES)			
Intra-agency transfers, net	(827,352)	-	(827,352)
Inter-agency transfers - reversions	-	-	-
Inter-agency transfers - severance tax	-	3,354,030	3,354,030
Inter-agency transfers - other, net	-	(336,024)	(336,024)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(827,352)</u>	<u>3,018,006</u>	<u>2,190,654</u>
NET CHANGE IN FUND BALANCES	767,500	(90,558)	676,942
FUND BALANCES, BEGINNING OF YEAR	<u>10,556,033</u>	<u>92,570</u>	<u>10,648,603</u>
RESTATEMENT	<u>1,131,961</u>	<u>-</u>	<u>1,131,961</u>
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>11,687,994</u>	<u>92,570</u>	<u>11,780,564</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,455,494</u>	<u>\$ 2,012</u>	<u>\$ 12,457,506</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	Motor Boat Fuel Tax Fund 30900	Oil Reclamation Fund 31100	Natural Lands Protection Fund 20000	Conservation Planting Revolving Fund 32100
ASSETS				
Investment in State Treasurer				
General Fund Investment Pool	\$ 295,991	\$ 4,022,510	\$ -	\$ 77,659
Receivables:				
Due from other funds	-	4,007,758	-	-
Due from fiduciary fund	-	-	-	-
Due from other state agencies	33,218	1,717,322	-	766
Other receivables	-	-	-	2,909
Federal government	-	-	-	-
TOTAL ASSETS	\$ 329,209	\$ 9,747,590	\$ -	\$ 81,334
LIABILITIES				
Accounts payable	\$ -	\$ 501,472	\$ -	\$ 16,158
Accrued payroll	-	20,715	-	-
Due to other state agencies	-	-	-	-
Due to fiduciary fund	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	522,187	-	16,158
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	246,907	9,225,403	-	65,176
Committed	82,302	-	-	-
Total fund balances	329,209	9,225,403	-	65,176
TOTAL LIABILITIES AND FUND BALANCES	\$ 329,209	\$ 9,747,590	\$ -	\$ 81,334

Forest Land Protection Fund 32200	Petroleum Violation Escrow Funds - Stripper Well 31600	Surface Mining Permit Fees Fund 31900	New Mexico Mining Act Penalty Fund 73100	Surface Mining Penalty Fund 32000	New Mexico Mining Act Fund 56600
\$ 1,321	\$ 11,988	\$ 94,180	\$ 70,818	\$ 6,565	\$ 356,037
-	-	-	-	-	-
-	-	-	-	-	-
-	1	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,321</u>	<u>\$ 11,989</u>	<u>\$ 94,180</u>	<u>\$ 70,818</u>	<u>\$ 6,565</u>	<u>\$ 356,037</u>
\$ -	\$ -	\$ 771	\$ -	\$ -	\$ 1,695
-	-	-	-	-	13,116
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	771	-	-	14,811
-	-	-	-	-	-
1,321	11,989	-	70,818	6,565	341,226
-	-	93,409	-	-	-
<u>1,321</u>	<u>11,989</u>	<u>93,409</u>	<u>70,818</u>	<u>6,565</u>	<u>341,226</u>
<u>\$ 1,321</u>	<u>\$ 11,989</u>	<u>\$ 94,180</u>	<u>\$ 70,818</u>	<u>\$ 6,565</u>	<u>\$ 356,037</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2014**

	Inmate Work Camp Fund 95600	Energy Efficiency Assessment Fund 20150	Youth Conservation Corps 01400	Total
ASSETS				
Investment in State Treasurer				
General Fund Investment Pool	\$ 236,042	\$ 134,216	\$ 2,671,668	\$ 7,978,995
Receivables:				
Due from other funds	2,700	-	-	4,010,458
Due from fiduciary fund	-	-	-	-
Due from other state agencies	-	-	549,282	2,300,589
Other receivables	2,100	-	-	5,009
Federal government	15,400	-	-	15,400
TOTAL ASSETS	<u>\$ 256,242</u>	<u>\$ 134,216</u>	<u>\$ 3,220,950</u>	<u>\$ 14,310,451</u>
LIABILITIES				
Accounts payable	\$ 5,254	\$ -	\$ 1,291,996	\$ 1,817,346
Accrued payroll	-	-	3,780	37,611
Due to other state agencies	-	-	-	-
Due to fiduciary fund	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>5,254</u>	<u>-</u>	<u>1,295,776</u>	<u>1,854,957</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	250,988	134,216	1,925,174	12,279,783
Committed	-	-	-	175,711
Total fund balances	<u>250,988</u>	<u>134,216</u>	<u>1,925,174</u>	<u>12,455,494</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 256,242</u>	<u>\$ 134,216</u>	<u>\$ 3,220,950</u>	<u>\$ 14,310,451</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2014**

	Motor Boat Fuel Tax Fund 30900	Oil Reclamation Fund 31100	Natural Lands Protection Fund 20000	Conservation Planting Revolving Fund 32100
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	125,449
Federal funds	-	-	-	-
Gross receipt taxes	-	-	-	-
Conservation taxes	-	7,004,531	-	-
Gasoline tax	192,288	-	-	-
Other	-	53,987	-	13,148
	<u>192,288</u>	<u>7,058,518</u>	<u>-</u>	<u>138,597</u>
Total revenues				
EXPENDITURES				
Renewal Energy Program	-	-	-	-
Healthy Forests Program	-	-	-	131,332
State Parks Program	135,435	-	-	-
Mine Reclamation Program	-	-	-	-
Oil & Gas Conservation Program	-	5,271,226	-	-
Program Support	-	-	-	-
Conservation	-	-	-	-
Capital Outlay	45,000	101,034	-	-
	<u>180,435</u>	<u>5,372,260</u>	<u>-</u>	<u>131,332</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,853	1,686,258	-	7,265
OTHER FINANCING SOURCES (USES)				
Intra-agency transfers, net	-	(233,152)	-	-
Inter-agency transfers - reversions	-	-	-	-
Inter-agency transfers - severance tax	-	-	-	-
Inter-agency transfers - other, net	-	-	-	-
	<u>-</u>	<u>(233,152)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCES	11,853	1,453,106	-	7,265
FUND BALANCES, BEGINNING OF YEAR	<u>298,707</u>	<u>7,280,103</u>	<u>-</u>	<u>57,911</u>
RESTATEMENT	18,649	492,194	-	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>317,356</u>	<u>7,772,297</u>	<u>-</u>	<u>57,911</u>
FUND BALANCES, END OF YEAR	<u>\$ 329,209</u>	<u>\$ 9,225,403</u>	<u>\$ -</u>	<u>\$ 65,176</u>

Forest Land Protection Fund 32200	Petroleum Violation Escrow Funds - Stripper Well 31600	Surface Mining Permit Fees Fund 31900	New Mexico Mining Act Penalty Fund 73100	Surface Mining Penalty Fund 32000	New Mexico Mining Act Fund 56600
\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -
-	-	120,263	6,462	-	558,680
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	128	-	1,160	1,520
-	9	120,391	6,462	1,160	560,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	104,461	-	-	579,193
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	104,461	-	-	579,193
-	9	15,930	6,462	1,160	(18,993)
-	-	-	-	-	(116,200)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(116,200)
-	9	15,930	6,462	1,160	(135,193)
1,321	11,980	77,479	64,356	5,405	476,419
-	-	-	-	-	-
1,321	11,980	77,479	64,356	5,405	476,419
\$ 1,321	\$ 11,989	\$ 93,409	\$ 70,818	\$ 6,565	\$ 341,226

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
Year Ended June 30, 2014**

	Inmate Work Camp Fund 95600	Energy Efficiency Assessment Fund 20150	Youth Conservation Corps 01400	Total
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ 9
Other state funds	192,400	-	-	1,003,254
Federal funds	107,600	-	-	107,600
Gross receipt taxes	-	-	3,568,279	3,568,279
Conservation taxes	-	-	-	7,004,531
Gasoline tax	-	-	-	192,288
Other	425	-	-	70,368
	<u>300,425</u>	<u>-</u>	<u>3,568,279</u>	<u>11,946,329</u>
Total revenues				
EXPENDITURES				
Renewal Energy Program	-	-	-	-
Healthy Forests Program	257,990	-	-	389,322
State Parks Program	-	-	-	135,435
Mine Reclamation Program	-	-	-	683,654
Oil & Gas Conservation Program	-	-	-	5,271,226
Program Support	-	-	-	-
Conservation	-	-	3,725,806	3,725,806
Capital Outlay	-	-	-	146,034
	<u>257,990</u>	<u>-</u>	<u>3,725,806</u>	<u>10,351,477</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,435	-	(157,527)	1,594,852
OTHER FINANCING SOURCES (USES)				
Intra-agency transfers, net	(28,000)	-	(450,000)	(827,352)
Inter-agency transfers - reversions	-	-	-	-
Inter-agency transfers - severance tax	-	-	-	-
Inter-agency transfers - other, net	-	-	-	-
	<u>(28,000)</u>	<u>-</u>	<u>(450,000)</u>	<u>(827,352)</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCES	14,435	-	(607,527)	767,500
FUND BALANCES, BEGINNING OF YEAR	<u>236,553</u>	<u>134,216</u>	<u>1,911,583</u>	<u>10,556,033</u>
RESTATEMENT	-	-	621,118	1,131,961
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>236,553</u>	<u>134,216</u>	<u>2,532,701</u>	<u>11,687,994</u>
FUND BALANCES, END OF YEAR	<u>\$ 250,988</u>	<u>\$ 134,216</u>	<u>\$ 1,925,174</u>	<u>\$ 12,455,494</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING BALANCE SHEET -
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2014**

	Capital Projects - STB 89200	Capital Projects GF/STB Fund 50900	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investment in State Treasurer General Fund Investment Pool	-	2,012	2,012
Receivables:			
Due from other funds	-	-	-
Due from other state agencies	2,066,682	-	2,066,682
Other receivables	-	-	-
TOTAL ASSETS	<u>\$ 2,066,682</u>	<u>\$ 2,012</u>	<u>\$ 2,068,694</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 531,322	\$ -	\$ 531,322
Accrued payroll	-	-	-
Due to other state agencies	81,023	-	81,023
Due to Fiduciary funds	-	-	-
Due to other funds	1,454,337	-	1,454,337
Total liabilities	2,066,682	-	2,066,682
FUND BALANCE			
Nonspendable	-	-	-
Restricted	-	2,012	2,012
Total fund balances	-	2,012	2,012
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,066,682</u>	<u>\$ 2,012</u>	<u>\$ 2,068,694</u>

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2014

	Capital Projects - STB 89200	Capital Projects GF/STB Fund 50900	Total
REVENUES			
Interest	\$ -	\$ -	\$ -
Federal funds	-	-	-
Gross receipts tax	-	-	-
Conservation taxes	-	-	-
Gasoline tax	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
EXPENDITURES			
Current			
Renewal Energy Program	2,105,269	-	2,105,269
Healthy Forests Program	-	-	-
State Parks Program	-	72,926	72,926
Mine Reclamation Program	-	-	-
Oil & Gas Conservation Program	-	-	-
Program Support	-	-	-
Conservation	-	-	-
Capital outlay	912,224	18,145	930,369
Debt service-principal	-	-	-
Debt service-interest	-	-	-
Debt service-miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,017,493	91,071	3,108,564

	Capital Projects - STB 89200	Capital Projects GF/STB Fund 50900	Total
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,017,493)	(91,071)	(3,108,564)
OTHER FINANCING SOURCES (USES)			
Intra-agency transfers, net	-	-	-
Inter-agency transfers - reversions	-	-	-
Inter-agency transfers - severance tax	3,354,030	-	3,354,030
Inter-agency transfers - other, net	(336,024)	-	(336,024)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,018,006</u>	<u>-</u>	<u>3,018,006</u>
NET CHANGE IN FUND BALANCES	513	(91,071)	(90,558)
FUND BALANCES, BEGINNING OF YEAR	-	-	-
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>(513)</u>	<u>93,083</u>	<u>92,570</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 2,012</u>	<u>\$ 2,012</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF REVENUES AND EXPENDITURES -NON-MAJOR SPECIAL REVENUE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	MOTOR BOAT FUEL TAX FUND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	180,000	180,000	192,288	12,288
Bond proceeds			-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	10,000	10,000	-	(10,000)
TOTAL REVENUES	\$ 190,000	\$ 190,000	192,288	\$ 2,288
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	190,000	190,000	180,435	9,565
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 190,000	\$ 190,000	180,435	\$ 9,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			11,853	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			\$ 11,853	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

OIL RECLAMATION FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	194,000	-	(194,000)
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	4,098,700	5,033,466	7,004,531	1,971,065
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	53,987	53,987
Fund balance	<u>1,165,600</u>	<u>1,442,334</u>	<u>-</u>	<u>(1,442,334)</u>
TOTAL REVENUES	<u>\$ 5,264,300</u>	<u>\$ 6,669,800</u>	<u>7,058,518</u>	<u>\$ 388,718</u>
EXPENDITURES				
Personal services and benefits	\$ 1,054,600	\$ 1,254,600	751,971	\$ 502,629
Contractual services	3,900,000	4,861,500	4,450,904	410,596
Other costs	79,200	273,200	104,120	169,080
Other financing uses	<u>230,500</u>	<u>280,500</u>	<u>233,152</u>	<u>47,348</u>
TOTAL EXPENDITURES	<u>\$ 5,264,300</u>	<u>\$ 6,669,800</u>	<u>5,540,147</u>	<u>\$ 1,129,653</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			1,518,371	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>(65,265)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 1,453,106</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	NATURAL LANDS PROTECTION FUND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	-	\$ -
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	-	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			-	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			\$ -	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	CONSERVATION PLANTING REVOLVING FUND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	135,000	135,000	125,449	(9,551)
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	19,500	19,500	13,148	(6,352)
Fund balance	<u>8,700</u>	<u>8,700</u>	<u>-</u>	<u>(8,700)</u>
TOTAL REVENUES	<u>\$ 163,200</u>	<u>\$ 163,200</u>	<u>138,597</u>	<u>\$ (24,603)</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	163,200	163,200	131,332	31,868
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 163,200</u>	<u>\$ 163,200</u>	<u>131,332</u>	<u>\$ 31,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			7,265	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 7,265</u>	

STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF REVENUES AND EXPENDITURES -NON-MAJOR SPECIAL REVENUE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

FOREST LAND PROTECTION FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			-	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

PETROLEUM VIOLATION ESCROW FUND-STRIPPER WELL				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	9	9
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>9</u>	<u>\$ 9</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING SOURCES			9	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 9</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

SURFACE MINING PERMIT FEES FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	137,500	137,500	120,263	(17,237)
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	128	128
Fund balance	<u>9,400</u>	<u>9,400</u>	<u>-</u>	<u>(9,400)</u>
TOTAL REVENUES	<u>\$ 146,900</u>	<u>\$ 146,900</u>	<u>120,391</u>	<u>\$ (26,509)</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ 39,938	35,206	\$ 4,732
Contractual services	92,500	82,500	46,925	35,575
Other costs	54,400	24,462	22,330	2,132
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 146,900</u>	<u>\$ 146,900</u>	<u>104,461</u>	<u>\$ 42,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			15,930	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 15,930</u>	

STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

NEW MEXICO MINING ACT PENALTY FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	6,462	6,462
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>6,462</u>	<u>\$ 6,462</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING SOURCES			6,462	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 6,462</u>	

STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

SURFACE MINING PENALTY FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	1,160	1,160
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>1,160</u>	<u>\$ 1,160</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING SOURCES			1,160	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 1,160</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

NEW MEXICO MINING ACT FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	615,000	615,000	558,680	(56,320)
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	1,520	1,520
Fund balance	<u>116,200</u>	<u>116,200</u>	<u>-</u>	<u>(116,200)</u>
TOTAL REVENUES	<u>\$ 731,200</u>	<u>\$ 731,200</u>	<u>560,200</u>	<u>\$ (171,000)</u>
EXPENDITURES				
Personal services and benefits	\$ 528,300	\$ 553,300	549,401	\$ 3,899
Contractual services	30,000	5,000	722	4,278
Other costs	56,700	56,700	29,070	27,630
Other financing uses	<u>116,200</u>	<u>116,200</u>	<u>116,200</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 731,200</u>	<u>\$ 731,200</u>	<u>695,393</u>	<u>\$ 35,807</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			(135,193)	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ (135,193)</u>	

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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

INMATE WORK CAMP FUND				
	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	107,600	107,600
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	220,000	220,000	192,400	(27,600)
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	425	425
Fund balance	<u>72,000</u>	<u>72,000</u>	<u>-</u>	<u>(72,000)</u>
TOTAL REVENUES	<u>\$ 292,000</u>	<u>\$ 292,000</u>	<u>300,425</u>	<u>\$ 8,425</u>
EXPENDITURES				
Personal services and benefits	\$ 128,400	\$ 128,400	125,976	\$ 2,424
Contractual services	1,000	1,000	76	924
Other costs	134,600	134,600	131,938	2,662
Other financing uses	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 292,000</u>	<u>\$ 292,000</u>	<u>285,990</u>	<u>\$ 6,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			14,435	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 14,435</u>	

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BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

ENERGY EFFICIENCY ASSESSMENT REVOLVING FUND				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			-	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
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STATEMENT OF REVENUES AND EXPENDITURES -NON-MAJOR SPECIAL REVENUE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

YOUTH CONSERVATION CORPS				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	3,400,000	3,400,000	3,568,279	168,279
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	<u>905,900</u>	<u>1,848,900</u>	<u>-</u>	<u>(1,848,900)</u>
TOTAL REVENUES	<u>\$ 4,305,900</u>	<u>\$ 5,248,900</u>	<u>3,568,279</u>	<u>\$ (1,680,621)</u>
EXPENDITURES				
Personal services and benefits	\$ 160,200	\$ 162,100	161,182	\$ 918
Contractual services	3,846,900	4,246,900	3,328,694	918,206
Other costs	48,800	214,900	193,582	21,318
Other financing uses	<u>250,000</u>	<u>625,000</u>	<u>450,000</u>	<u>175,000</u>
TOTAL EXPENDITURES	<u>\$ 4,305,900</u>	<u>\$ 5,248,900</u>	<u>4,133,458</u>	<u>\$ 1,115,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			(565,179)	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>(42,348)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ (607,527)</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - CAPITAL PROJECTS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	CAPITAL PROJECTS-STB			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	1,904,594	5,904,594	3,354,030	(2,550,564)
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	<u>\$ 1,904,594</u>	<u>\$ 5,904,594</u>	<u>3,354,030</u>	<u>\$ (2,550,564)</u>
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	462,462	4,462,462	3,017,493	1,444,969
Other financing uses	<u>1,442,132</u>	<u>1,442,132</u>	<u>336,024</u>	<u>1,106,108</u>
TOTAL EXPENDITURES	<u>\$ 1,904,594</u>	<u>\$ 5,904,594</u>	<u>3,353,517</u>	<u>\$ 2,551,077</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			513	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			-	
NET CHANGE IN FUND BALANCE			<u>\$ 513</u>	

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - CAPITAL PROJECTS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

	CAPITAL PROJECTS-GF/STB			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
State General Fund appropriation:				
Regular	-	-	-	-
Special	-	-	-	-
Interest	-	-	-	-
Other state funds	-	-	-	-
Tax revenue	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Other income	-	-	-	-
Fund balance	<u>93,083</u>	<u>93,083</u>	<u>-</u>	<u>(93,083)</u>
TOTAL REVENUES	\$ 93,083	\$ 93,083	-	\$ (93,083)
EXPENDITURES				
Personal services and benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	93,083	93,083	91,071	2,012
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	\$ 93,083	\$ 93,083	91,071	\$ 2,012
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			(91,071)	
GAAP BASIS RECONCILIATION				
Reversions			-	
Timing difference related to accounts payable			<u>-</u>	
NET CHANGE IN FUND BALANCE			\$ (91,071)	

SUPPLEMENTAL SCHEDULES

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 1 - FIDUCIARY FUNDS - AGENCY -
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2014**

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
PARKS AND RECREATION DIV. BOAT SUSPENSE FUND				
ASSETS				
Cash and cash equivalents	\$ 50,912	\$ 383,222	\$ 379,640	\$ 54,494
Due from other state agencies	<u>54,272</u>	<u>72,884</u>	<u>54,272</u>	<u>72,884</u>
TOTAL ASSETS	<u>\$ 105,184</u>	<u>\$ 456,106</u>	<u>\$ 433,912</u>	<u>\$ 127,378</u>
LIABILITIES				
Due to other funds	\$ 52,592	\$ 228,053	\$ 216,956	\$ 63,689
Due to state general fund	<u>52,592</u>	<u>228,053</u>	<u>216,956</u>	<u>63,689</u>
TOTAL LIABILITIES	<u>\$ 105,184</u>	<u>\$ 456,106</u>	<u>\$ 433,912</u>	<u>\$ 127,378</u>
GOVERNMENTAL GROSS RECEIPTS TAX SUSPENSE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 205,496	\$ 176,961	\$ 28,535
Due from other funds	<u>27,939</u>	<u>27,938</u>	<u>55,877</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 27,939</u>	<u>\$ 233,434</u>	<u>\$ 232,838</u>	<u>\$ 28,535</u>
LIABILITIES				
Accounts payable	\$ -	\$ 200,496	\$ 200,496	\$ -
Due to other state agencies	<u>27,939</u>	<u>201,092</u>	<u>200,496</u>	<u>28,535</u>
TOTAL LIABILITIES	<u>\$ 27,939</u>	<u>\$ 401,588</u>	<u>\$ 400,992</u>	<u>\$ 28,535</u>

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 1 - FIDUCIARY FUNDS - AGENCY -
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
Year Ended June 30, 2014

	June 30, 2013	Additions	Deletions	June 30, 2014
OIL DISPOSITION HOLDING FUND				
ASSETS				
Cash	\$ 21,342	\$ 16	\$ -	\$ 21,358
Due from other state agencies	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
TOTAL ASSETS	<u>\$ 21,344</u>	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ 21,360</u>
LIABILITIES				
Deposits held in custody for others	\$ 21,344	\$ 16	\$ -	\$ 21,360
Due to other state agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 21,344</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 21,360</u>
RENEWABLE ENERGY TRANSMISSION AUTHORITY				
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Due to other state agencies	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 1 - FIDUCIARY FUNDS - AGENCY -
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
Year Ended June 30, 2014

	June 30, 2013	Additions	Deletions	June 30, 2014
TOTAL FIDUCIARY FUNDS				
ASSETS				
Cash	\$ 72,254	\$ 588,734	\$ 556,601	\$ 104,387
Due from other funds	27,939	27,938	55,877	-
Interest receivable	2	2	2	2
Due from other state agencies	<u>54,272</u>	<u>72,884</u>	<u>54,272</u>	<u>72,884</u>
TOTAL ASSETS	<u>\$ 154,467</u>	<u>\$ 689,558</u>	<u>\$ 666,752</u>	<u>\$ 177,273</u>
LIABILITIES				
Accounts payable	\$ -	\$ 200,496	\$ 200,496	\$ -
Due to other funds	52,592	228,053	216,956	63,689
Due to other state agencies	27,939	201,092	200,496	28,535
Due to state general fund	52,592	228,053	216,956	63,689
Deposits held in custody for others	<u>21,344</u>	<u>16</u>	<u>-</u>	<u>21,360</u>
TOTAL LIABILITIES	<u>\$ 154,467</u>	<u>\$ 857,710</u>	<u>\$ 834,904</u>	<u>\$ 177,273</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF BANK ACCOUNTS
June 30, 2014**

Bank Name	Account Title	Account Type	State Treasurer Account Number	Bank Balance
New Mexico State Treasurer	10290 - Agency	State Treasury	1029-521	\$ -
	19900 - General Fund	State Treasury	199-521	-
	20000 - Special Revenue	State Treasury	2000-521	-
	20010 - Special Revenue	State Treasury	2001-521	3,777,747
	20150 - Special Revenue	State Treasury	2015-521	134,216
	21300 - Special Revenue	State Treasury	213-521	2,712,356
	30000 - Debt Service	State Treasury	300-521	140,346
	30900 - Special Revenue	State Treasury	309-521	295,991
	31100 - Special Revenue	State Treasury	311-521	4,022,510
	31600 - Special Revenue	State Treasury	316-521	11,988
	31900 - Special Revenue	State Treasury	319-521	94,180
	32000 - Special Revenue	State Treasury	320-521	6,565
	32100 - Special Revenue	State Treasury	321-521	77,659
	32200 - Special Revenue	State Treasury	321-521	1,321
	50900 - Capital Projects	State Treasury	509-521	2,012
	56600 - Special Revenue	State Treasury	566-521	356,037
	64600 - Capital Projects	State Treasury	646-521	4,018,274
	65600 - Special Revenue	State Treasury	646-521	4,711,487
	73100 - Special Revenue	State Treasury	731-521	70,818
	77300 - Agency	State Treasury	773-521	54,494
	77400 - Agency	State Treasury	774-521	28,535
	77500 - Agency	State Treasury	775-521	-
	89000 - Special Revenue	State Treasury	890-521	-
	89100 - Agency	State Treasury	891-521	21,358
	89200 - Capital Projects	State Treasury	892-521	-
	95600 - Special Revenue	State Treasury	956-521	236,042
	01400 - YCC - Special Revenue	State Treasury	014-522	2,671,668

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF BANK ACCOUNTS (CONTINUED)
June 30, 2014**

Bank Name	Account Title	Account Type	State Treasurer Account Number	Bank Balance
Bank of New York - Mellon	30000 - Debt Service	Reserve	N/A	2,263,889
NM Finance Authority	30000 - Bond Proceeds	Reserve	N/A	67,217
Bank of the Southwest	20010 - State Parks	Checking	N/A	16,043 *
1st National Bank of Clayton	20010 - State Parks	Checking	N/A	501 *
Citizens Bank of Clovis	20010 - State Parks	Checking	N/A	<u>479 *</u>
TOTAL BANK BALANCE OF CASH				25,793,733
RECONCILIATION OF BANK BALANCES				
TO CASH REPORTED ON THE STATEMENT OF NET ASSETS				
Outstanding checks				(15,784) *
Deposits in transit				- *
Interest earned				(1) *
Replenishments to be made				262 *
Other cash				3,618
Agency funds				(104,387)
Petty cash on hand				<u>19,550</u>
TOTAL CASH BALANCE ON STATEMENT OF NET POSITION				<u>\$ 25,696,991</u>

* Sum of bank balances and reconciling items are the balance of the various bank accounts found at Note 6.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 3 – SUPPLEMENTAL SCHEDULE OF
SPECIAL (EMERGENCY) APPROPRIATIONS
Year Ended June 30, 2014**

Special emergency funds were appropriated due to the wildfires resulting from the dry conditions throughout the state in fiscal year 2014 (see Note 13).

<u>Executive Order</u>	<u>Amount</u>
2014-009	\$ 750,000
2013-032	750,000
2013-025	<u>750,000</u>
Special appropriations for the Fire Disaster Fund as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$ 2,250,000</u>

No encumbrances were outstanding at the end of the fiscal year.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 4 - SUPPLEMENTAL SCHEDULE OF SEVERANCE TAX BOND PROCEEDS
Year Ended June 30, 2014**

The following is a list of the Department's severance tax bond proceeds for the Capital Projects GF/STB Fund 50900 and STB Fund 89200.

DFA Fund	Project Department	Appr. ID	Chapter	Laws	Section
10730	09-3013	STB09SA	5	2009	2/B/15
96850	09-3013	STB08SD	5	2009	2/B/15
82100	09-3013	STB07SD	5	2009	2/B/15
80300	09-3013	STB06SC	4	2010	36
60900	10-1106	STB08A-1	105	2010	18/A/5
10740	10-1106	STB09A	105	2010	18/A/5
11350	11-1295	STB11A-1	5	2011	9
11450	12-1333	STB12SA	64	2012	9
10730	13-1417	STB13A	226	2013	19/1
10730	13-1418	STB13SA	226	2013	19/2
10730	13-1419	STB13A	226	2013	20/2

Flow-thru from New Mexico Environment Department (09-3013, MMD)

<u>Expiration</u>	<u>Amount Appropriated</u>	<u>Current year Expenditures</u>	<u>Prior Years Incurred Balance</u>	<u>Receivable Balance June 30, 2014</u>	<u>Balance June 30, 2014</u>
06/30/14	\$ 2,215,864	\$ 882,650	\$ 566,989	\$ 664,291	\$ 766,225
06/30/14	2,000,000	-	2,000,000	-	-
06/30/14	536,340	-	536,340	-	-
06/30/14	247,796	-	247,796	-	-
06/30/14	71,645	-	71,645	-	-
06/30/14	220,256	33,564	186,692	-	-
06/30/16	500,000	155,072	331,554	75,471	13,374
06/30/16	300,000	54,222	245,778	43,514	-
06/30/16	500,000	424,057	-	231,411	75,943
06/30/17	2,500,000	1,259,951	-	662,927	1,240,049
06/30/17	1,000,000	544,514	-	389,068	455,486
	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,216,901</u>	<u>\$ 3,354,030</u>	<u>\$ 4,311,794</u>	<u>\$ 2,066,682</u>	<u>\$ 2,551,077</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS
Year Ended June 30, 2014**

The following is a list of Joint Powers Agreements the Department has entered into:

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Bureau of Land Management Establish cooperative procedures to accomplish reclamation of abandoned mine sites on land administered by the BLM in accordance with SMCRA.	EMNRD	9/16/1999	12/31/1999	\$ -	N/A	EMNRD
City of Alamogordo Improvement of natural resources on lands the City owns through the performance of natural resource restoration projects.	EMNRD	9/14/2010	Open	\$ -	N/A	EMNRD
City of Alamogordo Construct approximately 0.6 mile of paved pedestrian trail and install signage and other trail amenities along Washington Ave. between 14th St. and Indian Wells Blvd.	EMNRD	10/11/2011	12/31/2013	\$ 60,000	N/A	EMNRD
City of Albuquerque Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
City of Albuquerque Provide support to the City by using inmate crews to perform natural resource improvements to City property.	EMNRD	7/31/2003	Open	\$ -	N/A	EMNRD
City of Albuquerque Contractor shall act as agent in the purchase of the remaining lots in the Boca Negra Unit of the Petroglyph National Monument.	EMNRD	5/30/2001	Open	\$ 5,000,000	N/A	EMNRD
City of Albuquerque Allow City to purchase wildland fire safety equipment.	EMNRD	7/23/2010	Open	\$ -	N/A	EMNRD
City of Artesia Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
City of Aztec Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
City of Bayard Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/5/2008	Open	\$ -	N/A	EMNRD
City of Belen Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
City of Bloomfield Wildfire suppression on lands adjacent to the City of Bloomfield.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
City of Bloomfield Administer funding from the Federal Highway Administration for the Recreation Trails Program. Construct approximately 1.7 miles of trail, a performance pavilion and ADA restrooms,, and providing electric utilities and lighting along the length of the trail.	EMNRD	4/13/2011	12/31/2013	\$ 158,580	N/A	EMNRD
City of Carlsbad Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
City of Carlsbad Develop 2.5 mile trail beginning at Living Desert State Park, continuing to NMSU-Carlsbad and then extending to the Heritage Park and Flue area.	EMNRD	11/5/1998	1/31/2014	\$ 75,848	N/A	EMNRD
City of Cibola EMNRD will acquire from the USDA a unique U.S. General Services Administration number for County to use for the purchase of wildland fire equipment and supplies, provide training to County on ordering from GSA and monitor County's purchase orders.	EMNRD	5/21/2013	Open	\$ -	N/A	EMNRD
City of Clovis Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
City of Clovis Administer funding from the Federal Highway Administration (FHWA) for the Recreation Trails Program (RTP). City shall restore six miles of trails as part of the City's motorized-use trail system in Ned Houk Park.	EMNRD	2/2/2010	8/24/2014	\$ 15,000	N/A	EMNRD
City of Deming Vendor will construct a one and two-tenths miles of trails as part of the City's Country Club Trail System.	EMNRD	3/11/2009	12/31/2013	\$ 122,456	N/A	EMNRD
City of Espanola Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	1/15/2008	Open	\$ -	N/A	EMNRD
City of Espanola Assist the City to enhance the organization of its wildfire protection activities.	EMNRD	4/19/1999	Open	\$ -	N/A	EMNRD
City of Farmington EMNRD will acquire from the USDA - Forest Service a unique U.S. General Services Administration number for the City of Farmington to use for the purchase of wildland fire equipment and supplies.	EMNRD	4/6/2009	Open	\$ -	N/A	EMNRD
City of Farmington Vendor will construct two-thirds of a mile of trail as part of the City's Westland Park Trail System.	EMNRD	3/24/2009	12/31/2013	\$ 23,356	N/A	EMNRD
City of Farmington Fire Suppression on lands adjacent to City of Farmington.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
City of Gallup Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
City of Gallup Administer funding from the Federal Highway Administration for the Recreation Trails Program. Construct approximately 10 miles of motorized trail and installation of fencing, signs and other trail amenities as part of the Gallup ATV/OHV Park.	EMNRD	2/2/2011	12/31/2013	\$ 115,000	N/A	EMNRD
City of Grants Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
City of Grants Inmate Work Camp crews will perform natural resource improvements to City property.	EMNRD	3/17/2003	Open	\$ -	N/A	EMNRD
City of Hobbs Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
City of Hobbs Administer funding from the Federal Highway Administration (FHWA) for the Recreation Trails Program (RTP). City shall construct six miles of pedestrian trail along State Route 18 and install signs.	EMNRD	7/19/2010	8/24/2013	\$ 300,000	N/A	EMNRD
City of Jal JPA documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
City of Las Cruces Documents EMNRD's and the City's agreement and commitment to mutual wildland fire suppression and management assistance and cooperation.	EMNRD	2/21/2013	Open	\$ -	N/A	EMNRD
City of Las Cruces Administer funding from the Federal Highway Administration for the Recreation Trails Program. Construct approximately 3/4 mile of paved trail and installation of signs and landscaping along the Alameda Arroyo in Las Cruces.	EMNRD	3/7/2011	12/31/2013	\$ 266,330	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
City of Las Vegas Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	10/17/2007	Open	\$ -	N/A	EMNRD
City of Las Vegas Conduct wildland/urban interface projects. .	EMNRD	1/23/2004	Open	\$ -	N/A	EMNRD
City of Lordsburg JPA documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
City of Lovington Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	11/26/2007	Open	\$ -	N/A	EMNRD
City of Moriarty Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	11/3/2008	Open	\$ -	N/A	EMNRD
City of Moriarty Purchase wildland firefighting equipment from the U.S. General Services Administration for the City's fire department.	EMNRD	10/15/2002	Open	\$ -	N/A	EMNRD
City of Portales Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
City of Raton Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
City of Raton Improvement of natural resources on lands the City owns through the performance of natural resource restoration projects.	EMNRD	8/13/2010	Open	\$ 86,000	N/A	EMNRD
City of Rio Rancho Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/13/2008	Open	\$ -	N/A	EMNRD
City of Rio Rancho Provide support to the City by using inmate work crews to perform natural resource improvements to City property.	EMNRD	12/1/2003	Open	\$ -	N/A	EMNRD
City of Rio Rancho Allow the City of Rio Rancho to purchase wildland fire safety equipment and have EMNRD monitor.	EMNRD	3/25/1998	Open	\$ -	N/A	EMNRD
City of Rio Rancho Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
City of Roswell Document EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
City of Roswell Construct 1/4 mile of trail as part of the city's Spring River Parkway project.	EMNRD	5/27/2009	12/31/2013	\$ 70,568	N/A	EMNRD
City of Santa Fe JPA documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
City of Santa Fe Transfer of operation responsibilities of Santa Fe River State Park .	EMNRD	12/12/1997	Open	\$ 150,000	N/A	EMNRD
City of Santa Fe Thinning projects.	EMNRD	3/7/2011	Open	\$ 68,250	N/A	EMNRD
City of Santa Fe Gives the City the ability to purchase wildland fire safety gear through the federal supply schedules of the U.S. General Services Administration (GSA).	EMNRD	5/20/2010	Open	\$ -	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
City of Santa Fe Administer funds from the FHWA for the National Recreation Trails Act .	EMNRD	11/20/1997	12/31/2014	\$ 100,000	N/A	EMNRD
City of Santa Rosa Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
City of Socorro Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	11/26/2007	Open	\$ -	N/A	EMNRD
City of Sunland Park Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	5/28/2008	Open	\$ -	N/A	EMNRD
City of Texico Documents EMNRD's and the City's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
City of Truth or Consequences Administer funding from the Federal Highway Administration (FHWA) for the Recreation Trails Program (RTP). Purchase and installation of trail signs and amenities along three miles of the City's Healing Waters pedestrian/bike trail.	EMNRD	5/25/2010	8/24/2013	\$ 93,844	N/A	EMNRD
Ciudad Soil & Water Conservation District Conduct Inmate Work Camp projects on public lands in Ciudad SWCD's boundaries.	EMNRD	1/15/2004	Open	\$ -	N/A	EMNRD
Ciudad Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	7/14/2010	Open	\$ 1,093,700	N/A	EMNRD
Claunch-Pinto SWCD EMNRD shall provide support to CPSWCD by using inmate crews to perform natural resource improvements to lands CPSWCD manages and providing vocational training for inmates.	EMNRD	7/1/2007	Open	\$ -	N/A	EMNRD
Claunch-Pinto SWCD Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	5/20/2010	Open	\$ 816,000	N/A	EMNRD
Colfax Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	4/30/2010	Open	\$ 672,000	N/A	EMNRD
County of Bernalillo IWC shall provide support to the Bernalillo County Open Space Division by using inmate crews to perform natural resource improvements to lands BCOSD owns and providing vocational training for inmates.	EMNRD	3/20/2008	Open	\$ -	N/A	EMNRD
County of Bernalillo EMNRD will acquire a GSA number for the County to use in purchasing wildland fire equipment and supplies, provide training to County.	EMNRD	12/13/2004	Open	\$ -	N/A	EMNRD
County of Bernalillo Designate a local contact person with knowledge of the County Fire Departments to have authority to mobile resources, advise EMNRD as to the status of county resources.	EMNRD	3/10/2000	Open	\$ -	N/A	EMNRD
County of Bernalillo Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	5/19/2010	Open	\$ -	N/A	EMNRD

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Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
County of Catron Improvement of natural resources on lands the County owns through the performance of natural resource restoration projects.	EMNRD	10/4/2010	Open	\$ 440,949	N/A	EMNRD
County of Catron Wildfire suppression.	EMNRD	4/26/2010	Open	\$ -	N/A	EMNRD
County of Chavez Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	2/25/2010	Open	\$ -	N/A	EMNRD
County of Cibola Wildland fire protection and suppression.	EMNRD	1/28/2010	Open	\$ -	N/A	EMNRD
County of Colfax Improvement of natural resources on lands the County owns through the performance of natural resource restoration projects.	EMNRD	6/8/2010	Open	\$ 743,000	N/A	EMNRD
County of Colfax Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/2/2009	Open	\$ -	N/A	EMNRD
County of Curry Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	5/20/2010	Open	\$ -	N/A	EMNRD
County of Dona Ana Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	1/18/2009	Open	\$ -	N/A	EMNRD
County of Eddy Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	2/25/2010	Open	\$ -	N/A	EMNRD
County of Eddy Allows the County to purchase wildland fire safety gear through the federal supply schedules of the General Services Administration.	EMNRD	1/8/2004	Open	\$ -	N/A	EMNRD
County of Eddy Wildfire suppression.	EMNRD	3/9/1989	Open	\$ -	N/A	EMNRD
County of Grant Purchase wildland fire safety equipment per GSA account.	EMNRD	4/28/1998	Open	\$ -	N/A	EMNRD
County of Grant Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
County of Guadalupe Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	12/7/2009	Open	\$ -	N/A	EMNRD
County of Harding Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD
County of Hidalgo Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	12/7/2009	Open	\$ -	N/A	EMNRD
County of Lea Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/2/2009	Open	\$ -	N/A	EMNRD
County of Lincoln Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/17/2009	Open	\$ -	N/A	EMNRD
County of Lincoln Improvement of natural resources on lands the County owns through the performance of natural resource restoration projects.	EMNRD	5/6/2010	Open	\$ 2,857,020	N/A	EMNRD
County of Los Alamos Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/30/2010	Open	\$ -	N/A	EMNRD
County of Luna Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	4/19/2010	Open	\$ -	N/A	EMNRD
County of McKinley Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	12/7/2009	Open	\$ -	N/A	EMNRD
County of McKinley Administer funding from the Federal Highway Administration for the Recreation Trails Program. Construct approximately 6.1 miles of hiking-biking trail, two trailheads and a parking area, near Ramah Lake, and installing signs and other trail amenities.	EMNRD	4/13/2011	12/31/2013	\$ 154,331	N/A	EMNRD
County of McKinley Administer funding from the Federal Highway Administration (FHWA) for the Recreation Trails Program (RTP). Improve trail, construct a new trailhead and install additional trail signs along 26 miles of multi-use trail in the Mount Taylor Ranger District of the Cibola National Forest.	EMNRD	4/30/2010	8/24/2014	\$ 187,894	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
County of Mora County & EMNRD mutually agree to establish, implement and maintain a Resource Mobilization Plan (RMP) & associated procedures for mobilization of wildland fire protection resources.	EMNRD	7/8/2003	Open	\$ -	N/A	EMNRD
County of Mora Allow Mora County to purchase fire fighting equipment through EMNRD's authority with the U.S. General Services Administration.	EMNRD	7/25/2001	Open	\$ -	N/A	EMNRD
County of Mora Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	9/29/2009	Open	\$ -	N/A	EMNRD
County of Otero Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD
County of Otero Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	4/27/2010	Open	\$ 525,000	N/A	EMNRD
County of Quay Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD
County of Rio Arriba Provide Rio Arriba County with access to the General Services Administration wildfire suppression personal protective equipment purchasing authority.	EMNRD	3/6/2001	Open	\$ -	N/A	EMNRD
County of Rio Arriba Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	10/28/2009	Open	\$ -	N/A	EMNRD
County of Roosevelt Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/2/2009	Open	\$ -	N/A	EMNRD
County of San Juan Gives the County the ability to purchase wildland fire safety gear through the federal supply schedules of the U.S. General Services Administration.	EMNRD	6/8/2009	Open	\$ -	N/A	EMNRD
County of San Juan Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	4/30/2010	Open	\$ -	N/A	EMNRD
County of San Miguel Allow EMNRD to purchase purchase wildfire equipment.	EMNRD	6/1/1998	12/31/2099	\$ -	N/A	EMNRD
County of San Miguel Use of the Villanueva Landfill.	EMNRD	11/4/1985	Open	\$ -	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
County of San Miguel Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/17/2009	Open	\$ -	N/A	EMNRD
County of Sandoval Purchase wildland fire equipment through the federal supply schedules of GSA.	EMNRD	8/19/1999	Open	\$ -	N/A	EMNRD
County of Sandoval Assist County in gaining FEDSTRIP number and access to federal surplus firefighting equipment.	EMNRD	8/19/1999	Open	\$ -	N/A	EMNRD
County of Sandoval Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD
County of Santa Fe Allow the County to purchase fire fighting supplies and equipment through EMNRD's General Services Administration account.	EMNRD	3/6/2002	Open	\$ -	N/A	EMNRD
County of Santa Fe Terms and conditions for operation of Cerrillos Hills State Park.	EMNRD	9/1/2009	7/1/2032	\$ -	N/A	EMNRD
County of Santa Fe Improve natural resources on lands in the County through the performance of natural resource restoration projects.	EMNRD	12/28/2010	Open	\$ -	N/A	EMNRD
County of Santa Fe Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/18/2010	Open	\$ -	N/A	EMNRD
County of Santa Fe Use of Inmate Work Camp inmates on natural resources and restoration projects	EMNRD	7/31/2012	Open	\$ -	N/A	EMNRD
County of Sierra Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/17/2009	Open	\$ -	N/A	EMNRD
County of Socorro Improvement of natural resources on County lands managed through the performance of natural resource restoration projects.	EMNRD	5/7/2004	Open	\$ 54,000	N/A	EMNRD
County of Socorro Allows the County to purchase wildland fire safety gear through the federal supply schedules of the General Services Administration.	EMNRD	3/3/2004	Open	\$ -	N/A	EMNRD
County of Socorro Use of inmate crews in natural resource projects on County of Socorro properties.	EMNRD	8/12/1998	Open	\$ -	N/A	EMNRD
County of Socorro Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	12/14/2009	Open	\$ -	N/A	EMNRD

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Year Ended June 30, 2014**

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
County of Taos Emphasizing improving watershed areas on public and private land, the development of defensible space for individual homeowners, development of fuel breaks along common boundaries between public and private land and assisting with thinning of lots and subdivisions.	EMNRD	2/2/2012	Open	\$ 255,000	N/A	EMNRD
County of Taos Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	11/2/2009	Open	\$ -	N/A	EMNRD
County of Taos Allow Taos County to purchase wildland firefighting equipment from the U.S. GSA wildfire suppression personal protective equipment purchasing authority.	EMNRD	12/17/2001	Open	\$ -	N/A	EMNRD
County of Torrance Wildlife fire suppression and protection.	EMNRD	3/26/2010	Open	\$ -	N/A	EMNRD
County of Valencia Gives the County the ability to purchase wildland fire safety gear through the federal supply schedules of the U.S. General Services Administration.	EMNRD	3/18/2009	Open	\$ -	N/A	EMNRD
County of Valencia Documents EMNRD's and the County's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	3/30/2010	Open	\$ -	N/A	EMNRD
Cuba Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	8/5/2010	Open	\$ -	N/A	EMNRD
Department of Cultural Affairs EMNRD shall provide inmate crews to the DCA to perform natural resource improvements on state lands owned and managed by the DCA.	EMNRD	7/7/2009	Open	\$ -	N/A	EMNRD
Department of Cultural Affairs Conduct background research, prepare historic contexts, conduct archaeological inventories and properties and reports.	EMNRD	7/23/2004	Open	\$ 1,150,000	N/A	EMNRD
Department of Health Document EMNRD's and DOH, ED, DPS, OSFM and DOT's desire to efficiently manage all New Mexico Waste Isolation Pilot Plant (WIPP) Transportation Program activities.	EMNRD	10/1/1993	Open	\$ 4,344,532	N/A	EMNRD
Department of the Interior Documents the parties' commitment to improve efficiency by facilitating the coordination and exchange of personnel, equipment, supplies, services, and funds for management of wildfires.	EMNRD	4/2/2008	4/1/2016	\$ -	N/A	EMNRD
Edgewood SWCD Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	7/23/2010	Open	\$ -	N/A	EMNRD
General Services Department GSD shall provide Parks with assistance in acquiring property located in Tucumcari for the Region II office.	EMNRD	4/14/2005	4/13/2030	\$ -	N/A	EMNRD
General Services Department Use of aircraft for wildland fire suppression and aerial reconnaissance.	EMNRD	12/23/2009	Open	\$ -	N/A	EMNRD
Grant Soil & Water Conservation District (SWCD) Improvement of natural resources on lands managed by Grant SWCD.	EMNRD	9/7/2010	Open	\$ 275,033	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Guadalupe SWCD WUI and HAZ fuels reduction projects. State and federal funds.	EMNRD	7/16/2012	Open	\$ 84,414	N/A	EMNRD
Lava Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	10/4/2010	Open	\$ -	N/A	EMNRD
McKinley Soil and Water Conservation District Emphasizing improving watershed areas on public and private land, the development of defensible space for individual homeowners, development of fuel breaks along common boundaries between public and private land and assisting with thinning of lots and subdivisions.	EMNRD	3/7/2012	Open	\$ -	N/A	EMNRD
Mescalero Apache Tribe Improvement of natural resources on tribal lands through the performance of natural resource restoration projects.	EMNRD	7/14/2010	Open	\$ 47,400	N/A	EMNRD
Middle Rio Grande Conservancy Conduct Wildland Urban Interface and Hazardous Materials Grants projects.	EMNRD	10/7/2004	Open	\$ 531,000	N/A	EMNRD
Middle Rio Grande Conservancy EMNRD & Middle Rio Grande as part of inmate work camp established by EMNRD.	EMNRD	2/2/1998	Open	\$ -	N/A	EMNRD
Middle Rio Grande Conservancy Provide support to EMNRD's Forestry Division on wildland fires burning on lands.	EMNRD	1/3/1996	Open	\$ -	N/A	EMNRD
National Park Service Joint effort by EMNRD, Albuquerque and NPS to purchase land for Indian Petroglyph.	EMNRD	6/27/1990	Open	\$ 6,000,000	N/A	EMNRD
National Park Service Vendor will construct a five-tenths of a mile of trail as part of the Pecos Nat. Historical Park Trail System.	EMNRD	4/7/2009	12/31/2013	\$ 172,600	N/A	EMNRD
Navajo Nation Improvement of natural resources on Navajo lands through the performance of natural resource restoration projects.	EMNRD	10/19/2010	Open	\$ 226,200	N/A	EMNRD
New Mexico Corrections Dept. Provide minimum and minimum-restrict inmates to work in various state parks: Bottomless, Brantley, Living Desert, RGNC, Hyde, Bluewater, Leasburg, Rockhound & EBLSP.	EMNRD	7/2/2001	Open	\$ 190,000	N/A	EMNRD
New Mexico Corrections Dept. Establish and operate Inmate Work Camp Program.	EMNRD	10/15/1997	Open	\$ -	N/A	EMNRD
New Mexico Department of Game and Fish Improvement of natural resources on lands owned by the State Game Commission through the performance of natural resource restoration.	EMNRD	3/11/2009	Open	\$ -	N/A	EMNRD
New Mexico Department of Game and Fish Specifies terms, conditions and each party's duties in operation of Cimarron, Clayton and Fenton Lake State Parks.	EMNRD	8/31/2007	Open	\$ -	N/A	EMNRD
New Mexico Dept. of Military Affairs/National Guard Bottomless Lakes State Park. To establish separate responsibilities and authorities of water service.	EMNRD	10/1/1987	Open	\$ -	N/A	EMNRD
New Mexico Environment Department Establish procedures for implementing financial assurance, utilizing each agency's resources more efficiently and streamlining financial assurance process for operators subject to requirements of the Mining Act and Water Quality Act.	EMNRD	3/21/2001	Open	\$ -	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
New Mexico Environment Department Establish coordination procedures for implementing the Mining Act in order to utilize each agency's resources more efficiently.	EMNRD	1/24/2001	Open	\$ -	N/A	EMNRD
New Mexico Environment Department Establish Cooperative Procedures for Conducting Inspections under the NM Mining Act.	EMNRD	5/28/1997	Open	\$ -	N/A	EMNRD
New Mexico Environment Department Define funding, program tasks and administration of the Underground Injection Control Program.	EMNRD	5/29/2002	6/30/2017	\$ -	N/A	EMNRD
New Mexico Environment Department Transfer of discharge plan fees from Water Quality Management Fund.	EMNRD	7/1/1993	Open	\$ -	N/A	EMNRD
New Mexico Environment Department Chevron Questa Mine CERCLA process.	EMNRD	12/26/2012	9/30/2014	\$ -	N/A	EMNRD
New Mexico Environment Department Operation of Underground Injection Control Program	EMNRD	8/20/2012	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department NMDGF and EMNRD will jointly acquire a conservation easement on 5,000 acres of the Horse Springs Ranch in northern Catron County.	EMNRD	4/19/2007	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Mgmt. of protected wildlife resources related to wildlife habitat protection, enhancement of land.	EMNRD	4/17/1998	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Management of the WIPP withdrawal area, JPA with NM Game & Fish, OCA and State Land Office	EMNRD	6/26/1997	12/31/2033	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Provide for cooperation in the management of Eagle Nest Lake State Park and joint administration of certain lands at Eagle Nest Lake.	EMNRD	6/23/2004	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Cooperative wildfire suppression services between Forestry, Parks, DGF, DMA, DPS, GSD, DOT, DCA, and State Fire Marshal.	EMNRD	11/26/1990	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Develop, maintain and improve a park and recreation area and appropriate services at Eagle Nest Lake.	EMNRD	11/1/2002	6/30/2027	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Operation and management responsibilities for Cimarron and Ute.	EMNRD	10/17/2001	Open	\$ -	N/A	EMNRD
New Mexico Game & Fish Department Disburse federal funds administered by Game and Fish Dept. to State Parks for boat access improvements.	EMNRD	2/27/2001	6/30/2016	\$ -	N/A	EMNRD
New Mexico Game & Fish Department FHWA trails project.	EMNRD	8/20/2013	12/31/2013	\$ 395,000	N/A	EMNRD
New Mexico Department of Game & Fish Complete the purchase of two Zero X/MX electric motorcycles with additional batteries.	EMNRD	8/8/2011	12/31/2013	\$ 24,615	N/A	EMNRD
New Mexico Highlands University Conducting forest and watershed health projects that implement recommendations contained in the Governor's Forest & Watershed Health Plan.	EMNRD	3/20/2008	Open	\$ 178,375	N/A	EMNRD

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	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
New Mexico Institute of Mining and Technology Participation In College Work Study Program For Students.	EMNRD	5/19/1999	Open	\$ 3,331	N/A	EMNRD
New Mexico State Land Office To provide resources/expertise of protecting/conserving forested areas of State trust lands.	EMNRD	6/8/1989	Open	\$ -	N/A	EMNRD
New Mexico State Land Office/New Mexico Tax & Revenue Establish a data center in the Simms Building to be shared by Users	EMNRD	9/8/1988	Open	\$ -	N/A	EMNRD
New Mexico State University - Coop Extension Service Provide a forest entomologist for forest pest survey work. NMCES shall provide detection, evaluation, reporting and education in all phases of integrated forest pest management.	EMNRD	1/3/2007	12/31/2016	\$ 206,100	N/A	EMNRD
New Mexico State University Carry out tree improvement work on New Mexico forest tree species	EMNRD	7/1/1995	6/30/2017	\$ 254,000	N/A	EMNRD
Otero Soil & Water Conservation District Improve natural resources on private lands through the performance of natural resource restoration projects.	EMNRD	2/2/2011	Open	\$ 664,750	N/A	EMNRD
Pueblo of Sandia Improvement of natural resources on Pueblo lands through the performance of natural resource restoration projects.	EMNRD	10/5/2007	Open	\$ 69,000	N/A	EMNRD
Pueblo of Santa Ana Improvement of natural resources on Pueblo lands through the performance of natural resource restoration projects.	EMNRD	1/30/2009	Open	\$ 94,418	N/A	EMNRD
Pueblo of Santa Clara Improvement of natural resources on Pueblo lands through the performance of natural resource restoration projects.	EMNRD	11/3/2008	Open	\$ 6,548,295	N/A	EMNRD
Pueblo of Taos Improvement of natural resources on Pueblo lands through the performance of natural resource restoration projects.	EMNRD	3/29/2010	Open	\$ 300,000	N/A	EMNRD
Quemado Soil and Water Conservation District Emphasizing improving watershed areas on public and private land, the development of defensible space for individual homeowners, development of fuel breaks along common boundaries between public and private land and assisting with thinning of lots and subdivisions.	EMNRD	4/11/2012	Open	\$ -	N/A	EMNRD
Salado Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	8/5/2010	Open	\$ 25,000	N/A	EMNRD
San Juan Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	3/30/2010	Open	\$ 2,502,802	N/A	EMNRD
Sierra County Office of the Flood Commissioner Inmate work on lands managed by the Commissioner.	EMNRD	3/4/2002	Open	\$ -	N/A	EMNRD
Sierra Soil & Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	7/8/2010	Open	\$ 25,000	N/A	EMNRD
Socorro SWCD Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	10/19/2010	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
State Game Commission/DGF Specifies each party's duties and responsibilities in the operation of Mesilla Valley Bosque State Park.	EMNRD	4/21/2005	Open	\$ -	N/A	EMNRD
State Land Office Improvement of natural resources on lands managed by SLO through the performance of natural resource restoration projects.	EMNRD	11/6/2003	Open	\$ 430,653	N/A	EMNRD
State Land Office To conduct resource management activities in the Luera Mountains.	EMNRD	5/27/1993	Open	\$ -	N/A	EMNRD
State Land Office Identify methods by which the Tri-Agencies (EMNRD, SLO and TRD) will carry out their shared responsibility for the on-going management of ONGARD.	EMNRD	1/4/2004	Open	\$ -	N/A	EMNRD
Tierra Y Montes SWCD Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	7/14/2010	Open	\$ 1,170,028	N/A	EMNRD
Town of Bernallilo Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	1/15/2008	Open	\$ -	N/A	EMNRD
Town of Carrizozo Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
Town of Clayton Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	5/13/2009	Open	\$ -	N/A	EMNRD
Town of Elida Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
Town of Estancia Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	9/2/2008	Open	\$ -	N/A	EMNRD
Town of Eunice Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	3/20/2008	Open	\$ -	N/A	EMNRD
Town of Hagerman Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Town of Hurley Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Town of Hurley Encumber funds with Town of Hurley for pool/ park improvements.	EMNRD	7/1/1993	12/31/2020	\$ 5,500	N/A	EMNRD
Town of Lake Arthur Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	11/3/2008	Open	\$ -	N/A	EMNRD
Town of Mesilla Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
Town of Mountainair Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Town of Peralta Documents EMNRD's and the Town's commitment to wildland fire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.	EMNRD	6/24/2009	Open	\$ -	N/A	EMNRD
Town of Red River Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Town of Red River Conducting Wildland/Urban Interface (WUI) projects.	EMNRD	3/23/2004	Open	\$ 165,450	N/A	EMNRD
Town of Red River Improvement of natural resources on lands the Town owns through the performance of natural resource restoration projects.	EMNRD	5/20/2010	Open	\$ 91,000	N/A	EMNRD
Town of Silver City Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	11/26/2007	Open	\$ -	N/A	EMNRD
Town of Silver City Administer funding from the Federal Highway Administration (FHWA) for the Recreation Trails Program (RTP). Install pedestrian bridge, complete paved trail to Big Ditch Park and install signs along trail following San Vicente Creek.	EMNRD	3/7/2011	12/31/2013	\$ 87,861	N/A	EMNRD
Town of Springer Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Town of Taos Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Town of Tatum Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	10/17/2007	Open	\$ -	N/A	EMNRD
Town of Vaughn Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	11/30/2007	Open	\$ -	N/A	EMNRD
Town of Willard Documents EMNRD's and the Town's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
University of New Mexico - Board of Regents UNM - Natural Heritage Program shall provide professional fieldwork and research assistance, greenhouse studies and geographic information system work for rare or endangered plants in New Mexico.	EMNRD	8/8/2005	Open	\$ 117,908	N/A	EMNRD
Upper Chama Soil and Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	4/30/2010	Open	\$ 274,050	N/A	EMNRD
USDA Forest Service Administer funding from the Federal Highway Administration for the Recreation Trails Program. Rerout 5/10 mile and repair 3.9 miles of the Willis Canyon trail.	EMNRD	4/13/2011	12/31/2013	\$ 28,400	N/A	EMNRD
USDA/Cibola National Forest Complete tasks associated with trail planning, design and construction in the Mt. Taylor Ranger District.	EMNRD	8/8/2011	12/31/2013	\$ 370,000	N/A	EMNRD
US Dept. of Energy, City of Carlsbad, Eddy County Share in establishing and maintaining an Alternative Emergency Operations Center equipped to support and carry out assigned emergency responses.	EMNRD	10/24/2000	Open	\$ -	N/A	EMNRD
US Forest Service USFS, Colorado State Forest Service, EMNRD and the State of Colorado, Archuleta County shall provide wildfire protection along the boundary between the State of New Mexico and the State of Colorado.	EMNRD	10/6/1986	Open	\$ -	N/A	EMNRD
US Forest Service - Gila NF Trail Restoration project, which involves reconstruction and maintenance of 15.8 miles of trail in the Gila National Forest.	EMNRD	7/23/2009	12/31/2013	\$ 27,395	N/A	EMNRD
US Forest Service - Lincoln NF Agreement giving forestry responsibility over Smokey Bear Park.	EMNRD	5/25/1993	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Valencia Soil and Water Conservation District Perform natural resource restoration projects on SWCD-managed lands using the Inmate Work Camp Program. VSWCD reimburses Forestry.	EMNRD	9/13/2005	Open	\$ -	N/A	EMNRD
Village of Angel Fire Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
Village of Angel Fire Improvement of natural resources on lands the Village owns through the performance of natural resource restoration projects.	EMNRD	5/25/2010	Open	\$ 459,000	N/A	EMNRD
Village of Bosque Farms Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
Village of Capitan - Lincoln County Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Village of Causey Fire suppression on lands adjacent to the Village of Causey.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Chama Fire suppression on lands adjacent to the Village of Chama.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Cimarron Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Village of Cloudcroft Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/2/2007	Open	\$ -	N/A	EMNRD
Village of Columbus Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	4/7/2009	Open	\$ -	N/A	EMNRD
Village of Corona Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Village of Corrales Gives the Village the ability to purchase of wildland fire safety gear through the federal supply schedules of the U.S. General Services Administration (GSA).	EMNRD	1/30/2009	Open	\$ -	N/A	EMNRD
Village of Corrales Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Village of Corrales Provide for the use of inmate work for improvement of natural resources on public lands managed by the Village.	EMNRD	2/28/2002	Open	\$ -	N/A	EMNRD
Village of Cuba Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/17/2008	Open	\$ -	N/A	EMNRD
Village of Des Moines Fire suppression on lands adjacent to the Village of Des Moines.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Dexter Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	5/2/2008	Open	\$ -	N/A	EMNRD
Village of Dora Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/26/2007	Open	\$ -	N/A	EMNRD
Village of Eagle Nest Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	1/15/2008	Open	\$ -	N/A	EMNRD
Village of Encino Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Village of Floyd Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	3/20/2008	Open	\$ -	N/A	EMNRD
Village of Folsom Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	5/2/2008	Open	\$ -	N/A	EMNRD
Village of Fort Sumner Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
Village of Grady Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/3/2008	Open	\$ -	N/A	EMNRD
Village of Hatch Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/2/2007	Open	\$ -	N/A	EMNRD
Village of Hope Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/2/2007	Open	\$ -	N/A	EMNRD
Village of House Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	3/18/2009	Open	\$ -	N/A	EMNRD
Village of Jemez Springs Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Village of Logan Document EMNRD's and the Village's commitment to fire suppression.	EMNRD	9/27/2006	Open	\$ -	N/A	EMNRD
Village of Los Lunas Fire suppression on lands adjacent to Village of Los Lunas.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Los Ranchos De Albuquerque Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/2/2007	Open	\$ -	N/A	EMNRD
Village of Loving Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	1/15/2008	Open	\$ -	N/A	EMNRD
Village of Maxwell Fire suppression on lands adjacent to the Village of Maxwell.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Melrose Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/3/2008	Open	\$ -	N/A	EMNRD
Village of Milan Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/18/2008	Open	\$ -	N/A	EMNRD
Village of Mosquero Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	1/15/2008	Open	\$ -	N/A	EMNRD
Village of Pecos Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
Village of Reserve Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/20/2007	Open	\$ -	N/A	EMNRD
Village of Reserve Gives the City the ability to purchase wildland fire safety gear through the federal supply schedules of the U.S. General Services Administration (GSA).	EMNRD	11/8/2010	Open	\$ -	N/A	EMNRD
Village of Roy Wildfire suppression on lands adjacent to the Village of Roy.	EMNRD	1/29/2008	Open	\$ -	N/A	EMNRD
Village of Ruidoso The Village of Ruidoso pays EMNRD for the use of the inmate crews in accordance with rates specified in each approved project plan.	EMNRD	7/1/2008	Open	\$ -	N/A	EMNRD

STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE 5 - JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2014

	Responsible Party	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Village of Ruidoso Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/30/2007	Open	\$ -	N/A	EMNRD
Village of Ruidoso Improvement of natural resources on lands the Village owns through the performance of natural resource restoration projects.	EMNRD	10/4/2010	Open	\$ 1,398,318	N/A	EMNRD
Village of Ruidoso Downs Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	2/27/2008	Open	\$ -	N/A	EMNRD
Village of San Jon Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/3/2008	Open	\$ -	N/A	EMNRD
Village of Santa Clara Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	12/5/2008	Open	\$ -	N/A	EMNRD
Village of Taos Ski Valley Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	12/27/2007	Open	\$ -	N/A	EMNRD
Village of Taos Ski Valley Provide wildland fire suppression assistance on wildland fire incidents adjacent to the Village of Taos boundaries	EMNRD	7/1/2000	Open	\$ -	N/A	EMNRD
Village of Tijeras Document EMNRD's and the Village's commitment to wildland fire	EMNRD	4/1/2008	Open	\$ -	N/A	EMNRD
Village of Tularosa Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	11/17/2008	Open	\$ -	N/A	EMNRD
Village of Virden Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	5/2/2008	Open	\$ -	N/A	EMNRD
Village of Wagon Mound Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	3/20/2008	Open	\$ -	N/A	EMNRD
Village of Williamsburg Document EMNRD's and the Village's commitment to wildland fire suppression.	EMNRD	4/28/2008	Open	\$ -	N/A	EMNRD
Western Mora Soil & Water Conservation District Improvement of natural resources on lands the SWCD manages through the performance of natural resource restoration projects.	EMNRD	7/14/2010	Open	\$ 462,290	N/A	EMNRD

SINGLE AUDIT

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. Department of Energy:		
State Energy Program	81.041	\$ 466,311
Waste Isolation Pilot Project	81.106	1,014,904
State Energy Program Special Projects	81.119	<u>549,179</u>
Total USDE		<u>2,030,394</u>
U.S. Department of Agriculture:		
Forest Service – Cooperative Forestry Assistance	10.664	5,917,700
Forest Service - Watershed Health Plan	10.902	66,423
ARRA - Forest Inventory/Hazardous Fuels	10.688	729,545
Forest Service - Fire Reimbursement	10.unknown	<u>2,453,904</u>
Total USDA		<u>9,167,572</u>
U.S. Department of Homeland Security:		
U.S. Coast Guard Boating Safety Program	97.012	879,670
Emergency Management Performance	97.042	46,810
Fire Reimbursement	97.unknown	<u>1,970,206</u>
Total USDHS		<u>2,896,686</u>
U.S. Department of Transportation:		
Federal Highway Admin – National Trails Act	20.219	<u>811,598</u>
Total US DOT		<u>811,598</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2014**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. Department of the Interior:		
Emergency Fire	15.unknown	<u>223,052</u>
National Park Service:		
Land and Water	15.916	<u>463,016</u>
Total National Park Service		<u>463,016</u>
Office of Surface Mining:		
Abandoned Mine Land	15.252	<u>4,119,214</u>
Total Office of Surface Mining		<u>4,119,214</u>
Bureau of Land Management		
Ready Reserve	15.unknown	7,518
Woodland Restoration	15.233	15,127
Abandoned Mine Program	15.236	<u>207,810</u>
Total Bureau of Land Management		<u>230,455</u>
Bureau of Reclamation:		
Title 28 - Handicap Access	15.BBC	<u>313,987</u>
Total Bureau of Reclamation		<u>313,987</u>
US Fish & Wildlife Service:		
US Fish and Wildlife - Endangered Plants	15.615	63,967
US Fish and Wildlife - Sport Fish Restoration Program	15.605	279,758
US Fish and Wildlife - Inmate work camp	15.657	<u>109,666</u>
Total US Fish & Wildlife Service		<u>453,391</u>
Total U. S. Department of the Interior		<u>5,803,115</u>

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2014**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. Environmental Protection Agency:		
Underground Injection Control Program	66.433	298,999
CMI Questa Mine Remedial Tech	66.802	<u>73,165</u>
Total U.S. Environmental Protection Agency		<u>372,164</u>
TOTAL		<u>\$ 21,081,529</u>
Federal Revenue from Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
		\$ 21,493,529
Reconciling Items *		<u>(412,000)</u>
Total		<u>\$ 21,081,529</u>

*** PRIOR YEAR EXPENDITURES**

During the current year, the Department identified \$412,000 of expenditures incurred in FY 2011 that were available in the current year to be funded by federal resources. These expenditures were submitted for reimbursement in the current year under the Bureau of Reclamation Title 28 Cluster (CFDA 15.BBC). The full amount of the reimbursed was received in FY 2014. Therefore, as noted in the above reconciliation, there is a difference of \$412,000 between federal expenditures per the SEFA and federal revenues.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014**

GENERAL

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the Department.

BASIS OF ACCOUNTING

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the Department's general purpose financial statements.

NON-CASH ASSISTANCE

The Department did not receive any federal non-cash assistance during the year ended June 30, 2014.

LOANS

The Department did not have any loans outstanding with the Federal government at June 30, 2014.

SUBRECIPIENTS

The Department records disbursements to subrecipients on the cash basis of accounting for the purpose of requesting reimbursement from the federal grantor agencies:

<u>Type</u>	<u>Amount</u>
Waste Water Isolation Pilot Project: 81.106	\$ 833,444
Due to Other State Agency (Department of Health)	(5,046)
Due to Other State Agency (Department of Public Safety)	<u>(26,141)</u>
Actual Cash Disbursed During the Fiscal Year	<u>\$ 802,257</u>
ARRA – Forest Inventory/Hazardous Fuels: 10.688	
Santa Clara	<u>\$ 722,842</u>
Actual Cash Disbursed During the Fiscal Year	<u>\$ 722,842</u>
Recreational Trails CFDA 20.219	<u>\$ 614,268</u>
Actual Cash Disbursed During the Fiscal Year	<u>\$ 614,268</u>



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

State of New Mexico
Energy, Minerals, and Natural Resources Department and
Mr. Hector H. Balderas
New Mexico State Auditor

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, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the State of New Mexico Energy, Minerals and Natural Resources Department (the Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Department, presented as supplementary information, and have issued our report thereon dated December 4, 2014.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2014-001).

Compliance and Other Matters

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


Response to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP

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

Albuquerque, New Mexico

December 4, 2014



CliftonLarsonAllen

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Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

State of New Mexico
Energy, Minerals, and Natural Resources Department and
Mr. Hector H. Balderas
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Energy, Minerals, and Natural Resources Department's (the Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2014. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

The Department's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-002, which we consider to be a significant deficiency.

The Department's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
December 4, 2014

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.664	Forest Service – Cooperative Forestry Assistance
10.688	ARRA – Forest Inventory/Hazardous Fuels
15.916	Outdoor Recreation, Acquisition, Development, and Planning
20.219	Recreational Trails Program
81.106	Transport of Transuranic Waste

Dollar threshold used to distinguish between type A and type B programs \$632,446

Auditee qualified as low-risk auditee? yes no

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

Section II – Financial Statement Findings

Finding 2014-001 Interagency Transactions (Material Weakness)

Condition: During the audit, it was identified that the Department is not recording interagency transactions in a consistent manner with other state agencies. As a result of these inconsistencies, a restatement of the Department's financial statements was required in the amount of approximately \$1.5m.

Criteria: MAPs FIN 3.1 establishes policies and procedures for state agencies to follow to ensure accurate recording and reporting of interagency transactions. Furthermore, as required by GASB 33, derived tax revenues should be recognized when the underlying exchange has occurred and the resources are available.

Cause: Management oversight, lack of timely communication among state agencies to ensure interagency transactions are being recorded consistently amongst each other and in accordance with generally accepted accounting principles.

Effect: Misstatement to the financial statements, inconsistencies when preparing the State's financial statements.

Recommendation: We recommend management continue to be proactive in working with other state agencies in which the Department transacts with, to ensure timely and accurate reporting of these transactions. Furthermore, the Department should communicate with the Statewide Financial Reporting and Accounting Bureau regarding any interagency transactions in which the Department is unable to resolve among the agency itself or guidance is needed regarding the appropriate recognition of the transactions.

Agency Response: Although the Department recognizes the requirements, the information provided by other state agencies did not allow for the appropriate adjustments to be made in the current fiscal year. We will continue to work with the other agencies to ensure the proper recoding of revenue. With a new financial team in place, the Department will ensure a careful examination of information provided by the other state agencies.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

Section III – Federal Award Findings and Questioned Costs

Finding 2013-002 Time and Labor Charging Practices (Significant Deficiency, Compliance)

Federal Programs: CFDA #10.664, Cooperative Forestry Assistance, 2014 award year, U.S. Department of Agriculture, and CFDA #81.106, Transport of Transuranic Wastes to the Waste Isolation Pilot Plant, 2014 award year, U.S. Department of Energy

Questioned costs: \$0

Condition: During payroll testwork, we noted instances of noncompliance with federal time and labor charging practices.

CFDA 10.664: We noted that the Department was unable to provide the proper time certification for 1 out of 60 employees selected for testing.

CFDA 81.106: We noted that the Department was unable provide proper time certification for 16 out of 20 employees selected for testing.

Criteria: Per OMB Circular A-87, for employees who work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personal activity reports or equivalent documentation. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Cause: In regards to CFDA 10.644, the Department did not maintain time certification for one employee selected for testing. This appears to be an oversight, as the Department did not realize that all employees charging time to a federal grant must have proper time certification on file.

As it pertains to CFDA 81.106, the Department was unaware of the federal time and effort compliance requirements until the fiscal year 2013 audit was complete. During January of 2014, in an effort to ensure compliance with federal regulations, the Department began to implement changes as to how it documents and supports payroll charges. As a result, the issues related to payroll substantially decreased during the second half of fiscal year 2014. The Department continues to improve this process and the controls surrounding it.

Effect: The Department is not in compliance with federal regulations over time and labor charging practices. As a result, payroll costs charged to grants associated with CFDA 10.664 and 81.106 may not be accurate or properly charged to the respective grants.

Recommendation: We recommend that management continue to monitor the newly implemented processes and procedures and continue to make improvements to ensure 100% compliance.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

**Finding 2013-002 Time and Labor Charging Practices (Significant Deficiency,
Compliance) (continued)**

Agency Response: The agency implemented the changes following the fiscal year 2013 audit and continues to monitor to ensure all departments are complying with the requirement.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2014**

Section II – Financial Statement Findings

There were no findings for the year ended June 30, 2013.

Section III – Federal Award Findings and Questioned Costs

**Finding 2013-001 Subrecipient Payment Made Twice (Significant Deficiency, Compliance)
- Resolved**

Program: CFDA #10.664 Cooperative Forestry Assistance

Condition: Out of twenty eight subrecipient payments tested, we noted that one reimbursement invoice had been paid twice to the subrecipient.

Finding 2013-002 Time and Labor Charging Practices (Significant Deficiency, Compliance) – Repeated and Modified

Programs: CFDA #81.106 Transport of Transuranic Wastes to the Waste Isolation Pilot Plant

Condition: During our testwork over payroll, it was discovered that employees dedicated to CFDA 81.106 did not certify time charged to the grant. The Department was unable to provide time certification for employees who spend 100% of time on this grant.

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT
EXIT CONFERENCE
June 30, 2014**

An exit conference was held with the Department on December 3, 2014. The conference was held at the Department's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the release of the financial statements by the State Auditor. In attendance were:

**STATE OF NEW MEXICO ENERGY, MINERALS,
AND NATURAL RESOURCES DEPARTMENT**

Brett Woods, Deputy Cabinet Secretary
Ronald Cruz, ASD Director
Bersabe Rodriguez, Chief Financial Officer
David Soveranez, Financial Manager

CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGFM, Principal
Jessica Mazzie, CPA, Associate
Johnese Ramirez, Associate

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report.