

State of New Mexico
**Office of the State Engineer/
Interstate Stream Commission**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



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Introductory Section

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
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June 30, 2019

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State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Official Roster
June 30, 2019

<u>Name</u>	<u>Title</u>
John R. D'Antonio, Jr., PE	State Engineer
Rolf Schmidt-Petersen	Director, Interstate Stream Commission Compact Compliance Program
Greg Ridgley	Director, Litigation & Adjudication Program
Jeff Primm	Director, Program Support
John Romero, PE	Water Rights Division Director, Water Resource Allocation Program

Interstate Stream Commission

Mark Sanchez	Chairman
Topper Thorpe	Vice Chairman
John R. D'Antonio Jr., PE	Secretary
Blane Sanchez	Commissioner
Carrie Hollifield	Commissioner
Samuel Gonzales	Commissioner
Franklin McCasland	Commissioner
Jack King	Commissioner

Administration

Jennifer N. Baca, CGFM, CFE	Chief Financial Officer
Monica Trujillo	Water Rights Allocation Program Manager

Report

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., New Mexico State Auditor
John R. D'Antonio, Jr., P.E., New Mexico State Engineer
New Mexico Office of the State Engineer/Interstate Stream Commission
Santa Fe, New Mexico

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 with legally adopted annual budgets of the New Mexico Office of the State Engineer/Interstate Stream Commission (the "Agency"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds with legally adopted budgets of the New Mexico Office of the State Engineer/Interstate Stream Commission, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Agency are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities that are attributable to the transactions of the Agency. They do not purport to and do not present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 20 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 Agency's financial statements that collectively comprise the Agency's basic financial statements. The introductory section, combining nonmajor fund financial statements, supporting schedules required by required by 2.2.2 NMAC on pages 86 to 101, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – by Appropriation, and other disclosures are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the supporting schedules required by 2.2.2 NMAC on pages 86 to 101, 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 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and supporting schedules required by 2.2.2 NMAC on pages 86 to 101 are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – by Appropriation, and other disclosures have not been subjected to the auditing procedures applied during the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, on our consideration of the Agency'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 solely 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 effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 30, 2019

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

The New Mexico Office of the State Engineer / Interstate Stream Commission (the "Agency") offers the following Management's Discussion and Analysis ("MD&A") to highlight the Agency's current financial position. Further, the discussion and analysis of the Agency's financial performance, introduces the basic financial statements and provides an analytical overview of the Agency's financial activities for the fiscal year ended June 30, 2019. The report provides an analysis of the Agency's overall financial position and results of operations, information on changes in the Agency's financial position, and a discussion of significant changes in assets and liabilities. The MD&A is designed to focus on the current year activities, resulting changes and currently known facts, and consequently, should be read in conjunction with the Agency's financial statements.

Agency Overview

The Office of the State Engineer is statutorily charged with supervising the state's water resources through the measurement, appropriation, and distribution of all ground and surface water in New Mexico, including streams and rivers that cross state boundaries. The head of the Agency is the State Engineer who is appointed by the Governor and confirmed by the state Senate.

The Interstate Stream Commission Director serves as the deputy state engineer. The Legislature created the Interstate Stream Commission (the "Commission") in 1935 and gave it broad powers to investigate, protect, conserve and develop the state's water supplies. Its separate duties include protecting New Mexico's right to water under eight interstate stream compacts and ensuring the state complies with each of those compacts as well as developing and promoting regional and statewide water planning. By statute the State Engineer is a member of the Commission and serves as its Secretary.

Although separate under state law, the Commission staff members function as a program within the Office of the State Engineer. Consequently, the "Agency" will be used to reference both entities of the combined Agency within the MD&A.

Program Highlights

Water Resource Allocation Program

The Water Resources Allocation Program is responsible for processing water rights applications, conducting the scientific research for making those water rights decisions, maintaining water rights records, and enforcing any conditions or restrictions on water use. Water masters in the program measure stream flow, allocate the water within a stream system based on state water law, and regulate and control diversions. Staff also inventory water resources, monitor water use, and cooperate with the U.S. Geologic Survey in monitoring groundwater levels throughout the state. Additional duties are licensing all well drillers, maintaining and updating the rules and regulations of the State Engineer, inspecting non-federal dams, reviewing pre-construction plans for jurisdictional dams, evaluating subdivision water-supply plans submitted by counties, and promoting water conservation.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
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June 30, 2019

Interstate Stream Compact Compliance and Water Development Program

Through the State's performance based budgeting initiative under the Accountability in Government Act, the Commission was designated as the Interstate Stream Compact Compliance and Water Development Program of the Office of the State Engineer. The Commission has broad powers to investigate, protect, conserve and develop New Mexico's waters, including both interstate and intrastate stream systems.

The Commission's authority under state law includes negotiating with other states to settle interstate stream disputes. New Mexico is signatory to eight interstate stream compacts, specifically: the Colorado River; Upper Colorado River Basin; La Plata River; Animas-La Plata Project; Rio Grande; Costilla Creek; Pecos River; and Canadian River compacts. The Commission is also responsible for compliance with provisions of the U.S. Supreme Court's decisions governing water allocation on the Pecos, Canadian and Gila rivers.

To assure compact compliance, staff analyzes, reviews, and implements projects in New Mexico, and evaluates potential water-supply impacts in New Mexico of projects in other states. Staff also analyzes stream flow, reservoir level, snowpack and other data on stream systems in New Mexico and neighboring states.

Litigation and Adjudication Program

The Litigation and Adjudication Program is primarily responsible for overseeing the legal aspects of the administration of the state's water resources. This includes providing legal advice and counsel to the State Engineer and other programs of the Agency on various matters regarding the administration of water rights; providing the State of New Mexico with the legal and technical representation needed to prosecute the multiple comprehensive water rights adjudications that are ongoing in state and federal courts; and providing the Agency with the legal and technical representation needed in appeals of permitting decisions in administrative hearings and district court proceedings. The Litigation and Adjudication Program employs engineering staff to perform hydrographic surveys of all water rights as required by law using the most advanced digital imagery techniques, GIS software, and database management tools.

Program Support

Program Support is a separate program within the Office of the State Engineer that provides administrative and management support services to all programs within the Office of the State Engineer. Primary functions performed by Program Support include accounting and financial services, budget administration, human resources services, information technology management and other support. For budgetary purposes, the State Engineer and staff that report directly to him also fall within Program Support. This includes the Native American Water Liaison, Public Information/Public Outreach staff, and the Hearing Unit. The Hearing Unit holds administrative hearings and provides mediation services for the State Engineer on protested and aggrieved water rights applications and on disputed enforcement actions.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to the private-sector business. These statements consist of the statement of net position and the statement of activities.

The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office of the State Engineer is improving or deteriorating.

The statement of activities presents information showing how the Agency's net positions changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide statement of activities of the Agency reflects the activities of the Agency by its governmental functions. The statement of activities identifies financial resources that are directly related to the governmental function. Financial resources that are not specifically related to the governmental functions are shown as general resources in the bottom portion of this statement. The statement of activities also shows the change in net position for the fiscal year.

The government-wide financial statements can be found on pages 22-25 of this report.

Fund Financial Statements - Governmental Funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The agency, like other agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the agency are considered *Governmental Funds*.

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

The governmental funds use the modified accrual basis of accounting whereby revenues are recognized when they become available and measurable as net current assets. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements.

In addition to the General Fund (21400/86400), the agency maintains the Irrigation Works Construction Fund (32600), the Improvement of the Rio Grande Fund (32800), the New Mexico Unit Fund (30810), the STB Capital Outlay Fund (89200), and the GF Capital Outlay Fund (93100), which are considered to be major funds. A fund is considered to be a major fund depending on the amount of its assets, liabilities, revenues, or expenditures.

The Agency adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided for the major governmental funds to demonstrate budget compliance.

The basic governmental fund financial statements can be found on pages 26-33 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 39-77 of this report.

Budgetary Comparisons. GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both the original and the final approved budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the agency's budgetary basis (modified accrual). Budgetary information is provided at the approved budget level to demonstrate compliance with legal requirements in the schedule of revenues, expenditures, and changes in fund balance-budget to actual-by appropriation. The budgetary comparisons can be found on pages 34-37 of this report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$177,216,432 as of June 30, 2019. The comparative statement of net position as of June 30 was as follows:

	2019	2018
Assets:		
Current assets		
Investment in State General Fund Investment Pool	\$ 71,182,028	\$ 39,968,549
Investments	64,488,235	59,926,527
Other current assets	9,479,525	8,677,647
Total current assets	145,149,788	108,572,723
Noncurrent assets:		
Capital assets, net	101,344,047	101,964,770
Other noncurrent assets	9,234,952	17,341,705
Total noncurrent assets	110,578,999	119,306,475
Total assets	\$ 255,728,787	\$ 227,879,198
Liabilities		
Current liabilities	\$ 8,806,204	\$ 6,515,737
Noncurrent liabilities		
Indian water rights settlement	69,706,151	76,680,467
Other noncurrent liabilities	-	77,500
Total noncurrent liabilities	69,706,151	76,757,967
Total liabilities	78,512,355	83,273,704
Net position		
Net investment in capital assets	101,344,047	101,964,770
Restricted	128,475,192	92,052,194
Unrestricted	(52,602,807)	(49,411,470)
Total net position	177,216,432	144,605,494
Total liabilities and net position	\$ 255,728,787	\$ 227,879,198

The increase in net position of \$32,610,938 from the previous year is primarily due to increases in the Agency's General Fund appropriations and interagency transfer in for STB capital outlay funding.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

Changes in Net Position: The overall increase/decrease in the Agency's net position is shown in the following schedule:

	2019	2018
Expenditures:		
Agriculture, Energy, and Natural Resources	\$ 45,981,323	\$ 43,138,310
Program revenue	1,388,139	161,964
General revenues and transfers		
General Fund appropriations	38,743,416	20,507,700
Investment income	5,347,090	4,620,442
Interagency transfers, net	24,507,305	14,915,033
Adjustment to Indian Water Rights Settlement	6,974,316	(15,830,632)
Arizona Water Settlement	1,253,446	1,706,024
Reversions	(2,010,550)	(1,272,683)
Miscellaneous	2,389,099	3,796,261
Total other financing sources	77,204,122	28,442,145
Change in net position	32,610,938	(14,534,201)
Net position, beginning	144,605,494	159,139,695
Net position, ending	\$ 177,216,432	\$ 144,605,494

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Governmental Funds

The focus of the agency's governmental funds is to provide information on near-term inflows, and balances of expendable resources. Such information is more useful in assessing the agency's financial position than the government-wide statements, because the fund financial statements better reflect the reality that certain revenues are legally restricted for specific purposes and cannot be used to cover the costs of other operations.

Budgetary Highlights

The Agency's General Fund budget for fiscal year 2019 was \$43,313,123 (\$23,219,644 Personnel Services and Employee Benefits; \$12,154,865 Contractual Services; \$7,938,614 Other Costs). The budgeted amounts include multi-year appropriations budgeted. Budget Adjustment Requests (BARs) totaled \$4,732,423 for fiscal year 2019. At fiscal year end, the agency expended \$36,240,021 reverting back the balance of the fiscal year approved budget to the State General Fund of \$1,933,805 and \$76,745 to the New Mexico Department of Game and Fish.

Changes in Capital Assets and Long-Term Liabilities of the Agency

At the end of fiscal year 2019, the Agency had \$124,464,449 invested in capitalized assets with associated accumulated depreciation of \$23,120,402. Activity in the capital asset accounts is reported in Note 12 to the financial statements. The Agency's assets are primarily water rights and land and infrastructure.

The Agency does not carry any debt, but does have a long-term liability related to an Indian Water Rights Settlement. See Note 14 for additional information. The decrease in long-term liabilities of \$7,051,816 is due to adjustments to the expected obligation of the Agency under the settlement.

Long term commitments of the Agency are future construction of infrastructure and meters related to the State's water sources. These projects are primarily funded by the State Appropriations noted in the Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations. The funds are used through both the granting of monies to local governments and direct contracting.

State of New Mexico
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Performance Measures

The Agency collects data to measure success in meeting performance measure targets to address the requirements for the Accountability in Government Act (AGA), Sections 6-3A-1 through 6-3A-8 NMSA 1978. Performance measures outlined in the General Appropriation's Act, Laws of 2004 for the year ended June 30, 2019 were as follows:

Type	Measure	FY19 Target Level	FY19 Year-End Result	Met Target
Water Resource & Allocation Program:				
Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	20,000	24,946	Yes
Outcome	Number of notices issued to owners of publicly-owned dams notifying them of deficiencies or potential issues	45	84	Yes
Outcome	Average number of unprotested new and pending applications processed per month	50	30	No
Outcome	Number of unprotested and unaggrieved water right applications backlogged	NA	547	NA
Interstate Stream Compact Compliance and Water Development Program:				
Outcome	Cumulative state-line delivery credit per the Pecos River Compact and amended decree at the end of the calendar year, in acre feet	>0	170,800	Yes
Outcome	Cumulative state-line delivery credit per the Rio Grande river compact at the end of the calendar year, in acre feet	>0	5,400	Yes
Explanatory	Cumulative New Mexico unit fund			

State of New Mexico
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Type	Measure	FY19 Target Level	FY19 Year- End Result	Met Target
Litigation and Adjudication Program:				
Outcome	Number of offers to defendants in adjudications	200	456	Yes
Outcome	Percent of all water rights with			

Currently Known Facts, Decisions, or Conditions

In overseeing the State's water resources and administering the interstate stream compacts, there are several variables which can have a significant effect on the Agency's financial position. Drought conditions can significantly draw on available Agency resources. In addition, much of the Agency's activities in relation to litigation and adjudication of water rights are intertwined with the judicial system, and consequently, future decisions of the courts can have a significant impact on Agency operations and the financial position of the Agency.

A continuing concern is that appropriations from the Irrigation Works Construction Fund (32600) and the Improvement of the Rio Grande Fund (32800) to support the operations of the Agency have increased significantly over the past few years in lieu of General Fund appropriations. The Indian Water Rights Settlement Fund (20170) was the first year in over five fiscal years in which expenditures and transfers from those trust funds have not substantially exceeded revenue and transfers into the fund. However, absent continued strength of oil and gas-reliant revenues into its trust funds or the availability of new funding sources, the agency's current level of reliance on non-General Fund sources could slip back into an unsustainable level of reliance that could set the funds on a trajectory to be exhausted.

Request for Information

This financial report is designed to provide a general overview of the agency's finances. Questions concerning any of the information provided in this report or any request for additional financial information should be addressed to:

The following staff of the New Mexico Office of the State Engineer/Interstate Stream Commission may be contacted in connection with this analysis:

Jeff Primm, Director, Program Support

Jeff.Primm@state.nm.us

(505) 476-0536

Monica Trujillo, Past Chief Financial Officer

Monica.Trujillo1@state.nm.us



**State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Management's Discussion & Analysis
June 30, 2019**

Jennifer N. Baca, CGFM, CFE, Current Chief Financial Officer
JenniferN.Baca@state.nm.us

**Office of the State Engineer/Interstate Stream Commission
P.O. Box 25102
Santa Fe, NM 87504-5102**

Financial Statements

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Net Position
June 30, 2019

	Governmental Activities
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Assets	
Current assets:	
Petty cash	\$ 125
Investment in State General Fund Investment Pool	71,182,028
Investments	64,488,235
Accounts receivable	392,847
Interest receivable, net of allowance	523,662
Due from other state agencies	77,305
Settlement due from federal government, current portion	8,019,618
Due from federal sources	65,968
Due from New Mexico Finance Authority	400,000
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Total current assets	145,149,788
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Noncurrent assets:	
Loan receivables, net of allowance	719,448
Settlement due from federal government, net of current portion	8,515,504
Capital assets, net of accumulated depreciation	101,344,047
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Total noncurrent assets	110,578,999
<hr/>	
Total assets	\$ 255,728,787
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The accompanying notes are an integral part of these financial statements.

	Governmental Activities
Liabilities	
Current liabilities:	
Accounts payable	\$ 4,707,015
Accrued payroll	860,791
Other liabilities	77
Due to other state agencies	80,000
Due to State General Fund	1,933,805
Contingent liability	115,779
Compensated absences	1,108,737
Total current liabilities	8,806,204
Noncurrent liabilities	
Indian Water Rights Settlement	69,706,151
Total noncurrent liabilities	69,706,151
Total liabilities	78,512,355
Net position	
Net investment in capital assets	101,344,047
Restricted for special appropriations	128,359,413
Unrestricted	(52,487,028)
Total net position	177,216,432
Total liabilities and net position	\$ 255,728,787

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

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State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Activities
For the Year Ended June 30, 2019

	Governmental Activities
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Expenses	
Agriculture, Energy, and Natural Resources	\$ 45,981,323
<hr/>	
Total expenses	45,981,323
<hr/>	
Program revenue	
Charges for services	1,209,114
Operating grants and contributions	179,025
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Total program revenues	1,388,139
<hr/>	
Net program expense	(44,593,184)
<hr/>	
General revenues and transfers	
General Fund appropriation	38,743,416
Investment income	5,347,090
Interagency transfers in	24,940,582
Interagency transfers (out)	(433,277)
Adjustment to Indian Water Rights Settlement	6,974,316
Arizona Water Settlement	1,253,446
Reversions - 2019	(2,010,550)
Miscellaneous	2,389,099
<hr/>	
Total general revenues and transfers	77,204,122
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Change in net position	32,610,938
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Net position, beginning	144,605,494
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Net position, ending	\$ 177,216,432
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The accompanying notes are an integral part of these financial statements.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Balance Sheet
Governmental Funds
June 30, 2019

	21400/86400 General Fund	32600 Irrigation Works Construction Fund	32800 Improvement of the Rio Grande Fund
Assets			
Petty cash	\$ 125	\$ -	\$ -
Investment in State General Fund Investment Pool	12,172,534	-	7,390,491
Investments	-	17,909,734	2,497,232
Accounts receivable	159,113	233,734	-
Interest receivable, net of allowance	-	13,471	-
Settlement due from federal government	-	-	-
Due from other state agencies	77,305	-	-
Due from federal sources	65,968	-	-
Due from New Mexico Finance Authority	400,000	-	-
Loan receivables, net of allowance	-	719,448	-
Total assets	\$ 12,875,045	\$ 18,876,387	\$ 9,887,723
Liabilities			
Deficit balance in State General Fund Investment Pool	\$ -	\$ 2,628,090	\$ -
Accounts payable	3,109,305	-	-
Accrued payroll	860,791	-	-
Other liabilities	77	-	-
Due to other state agencies	80,000	-	-
Due to State General Fund	1,933,805	-	-
Contingent liability	-	-	-
Total liabilities	5,983,978	2,628,090	-
Deferred inflows of resources			
Settlement due from federal government	-	-	-
Interest on settlement due from federal government	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable	-	719,448	-
Spendable:			
Restricted	6,327,968	15,528,849	9,887,723
Unassigned	563,099	-	-
Total fund balances	6,891,067	16,248,297	9,887,723
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,875,045	\$ 18,876,387	\$ 9,887,723

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

30810 New Mexico Unit Fund	89200 STB Capital Outlay Fund	93100 GF Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 125
18,395,977	15,237,972	17,653,716	2,959,428	73,810,118
44,081,269	-	-	-	64,488,235
-	-	-	-	392,847
510,191	-	-	-	523,662
16,535,122	-	-	-	16,535,122
-	-	-	-	77,305
-	-	-	-	65,968
-	-	-	-	400,000
-	-	-	-	719,448
\$ 79,522,559	\$ 15,237,972	\$ 17,653,716	\$ 2,959,428	\$ 157,012,830
\$ -	\$ -	\$ -	\$ -	\$ 2,628,090
103,478	1,494,232	-	-	4,707,015
-	-	-	-	860,791
-	-	-	-	77
-	-	-	-	80,000
-	-	-	-	1,933,805
115,779	-	-	-	115,779
219,257	1,494,232	-	-	10,325,557
16,535,122	-	-	-	16,535,122
510,191	-	-	-	510,191
17,045,313	-	-	-	17,045,313
-	-	-	-	719,448
62,257,989	13,743,740	17,653,716	2,959,428	128,359,413
-	-	-	-	563,099
62,257,989	13,743,740	17,653,716	2,959,428	129,641,960
\$ 79,522,559	\$ 15,237,972	\$ 17,653,716	\$ 2,959,428	\$ 157,012,830

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

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State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2019

Total fund balances - governmental funds	\$	129,641,960
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Amounts reported for governmental activities in the Statement of Net Position is different because:

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore are not reported in the funds.		101,344,047
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Some revenue is not considered "available" and is considered to be unavailable revenue in the fund financial statements, but is considered revenue in the statement of activities. They include:

Settlement due from federal government		16,535,122
Accrued interest receivable on settlement due from federal government		510,191

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

Indian Water Rights Settlement		(69,706,151)
Compensated absences		(1,108,737)

Total net position	\$	177,216,432
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The accompanying notes are an integral part of these financial statements.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	21400/86400	32600	32800
	General Fund	Irrigation Works Construction Fund	Improvement of the Rio Grande Fund
Revenues			
Federal sources	\$ 179,025	\$ -	\$ -
Investment income	-	1,798,600	479,910
Interest on loans	-	19,059	-
Land rental or lease income	-	988,106	221,008
Miscellaneous income	2,192,386	128,709	-
Total revenues	2,371,411	2,934,474	700,918
Expenditures			
Agriculture, Energy, and Natural Resources			
Current:			
Personal services and employee benefits	21,770,628	-	-
Contractual services	8,305,111	-	-
Other costs	5,562,160	-	-
Capital outlay	486,343	-	-
Total expenditures	36,124,242	-	-
Excess (deficiency) of revenues over expenditures	(33,752,831)	2,934,474	700,918
Other financing sources (uses)			
General Fund appropriation	21,089,700	-	-
Transfers in (out):			
Interfund transfers in	13,118,453	-	-
Interagency transfers in	470,400	6,968,489	1,556,253
Interfund transfers (out)	(151,444)	(9,151,104)	(1,482,174)
Interagency transfers (out)	(80,000)	-	-
Reversions - 2019	(2,010,550)	-	-
Arizona Water Settlement	-	-	-
Total other financing sources (uses)	32,436,559	(2,182,615)	74,079
Net change in fund balances	(1,316,272)	751,859	774,997
Fund balances, beginning of year	8,207,339	15,496,438	9,112,726
Fund balances, end of year	\$ 6,891,067	\$ 16,248,297	\$ 9,887,723

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

30810 New Mexico Unit Fund	89200 STB Capital Outlay Fund	93100 GF Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 179,025
3,049,521	-	-	-	5,328,031
-	-	-	-	19,059
-	-	-	-	1,209,114
-	-	-	68,004	2,389,099
3,049,521	-	-	68,004	9,124,328
-	-	-	-	21,770,628
427,269	11,459	-	-	8,743,839
1,934,576	4,285,326	-	2,141,059	13,923,121
-	349,829	-	-	836,172
2,361,845	4,646,614	-	2,141,059	45,273,760
687,676	(4,646,614)	-	(2,073,055)	(36,149,432)
-	-	17,653,716	-	38,743,416
-	-	-	500,000	13,618,453
-	15,945,440	-	-	24,940,582
(1,102,036)	(1,731,695)	-	-	(13,618,453)
-	(353,277)	-	-	(433,277)
-	-	-	-	(2,010,550)
9,040,000	-	-	-	9,040,000
7,937,964	13,860,468	17,653,716	500,000	70,280,171
8,625,640	9,213,854	17,653,716	(1,573,055)	34,130,739
53,632,349	4,529,886	-	4,532,483	95,511,221
\$ 62,257,989	\$ 13,743,740	\$ 17,653,716	\$ 2,959,428	\$ 129,641,960

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

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State of New Mexico

Office of the State Engineer / Interstate Stream Commission

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Net change in fund balances - governmental funds \$ 34,130,739

The change in net position reported for governmental activities in the Statement of Activities is different because:

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

Capital outlay	836,172
Depreciation expense	(1,456,895)

Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:

Decrease in deferred inflows for settlement due from federal government	(7,786,554)
Decrease in estimate of Indian Water Rights Settlement revenue	6,974,316
Increase in compensated absences	(164,340)
Increase in contingent liability	77,500

Change in net position \$ 32,610,938

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund (21400/86400)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Federal sources	\$ 192,400	\$ 832,823	\$ 179,025	\$ (653,798)
Miscellaneous income	1,874,300	1,874,300	2,192,386	318,086
Total revenues	2,066,700	2,707,123	2,371,411	(335,712)
Expenditures				
Current:				
Personal services and employee benefits	24,257,900	23,219,644	21,770,628	1,449,016
Contractual services	7,475,800	12,154,865	8,305,111	3,849,754
Other costs	6,847,000	7,938,614	6,048,503	1,890,111
Total expenditures	38,580,700	43,313,123	36,124,242	7,188,881
Other financing sources (uses)				
Fund balance	2,246,500	2,246,500	-	(2,246,500)
State General Fund appropriations	18,307,700	21,439,700	21,089,700	(350,000)
Interfund transfers in	16,640,400	17,600,400	13,118,453	(4,481,947)
Interagency transfers in	288,100	288,100	470,400	182,300
Interfund transfers out	-	-	(151,444)	(151,444)
Interagency transfers (out)	(968,700)	(968,700)	(80,000)	888,700
Reversions	-	-	(2,010,550)	(2,010,550)
Total other financing sources	36,514,000	40,606,000	32,436,559	(8,169,441)
Excess (deficiency) of revenues over expenditures and other financing	\$ -	\$ -	\$ (1,316,272)	\$ (1,316,272)

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Irrigation Works Construction Fund (32600)
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Investment income	\$ 6,032,800	\$ 6,032,800	\$ 1,798,600	\$ (4,234,200)
Interest on loans	34,400	34,400	19,059	(15,341)
Land rental or lease income	-	-	988,106	988,106
Miscellaneous income	484,600	484,600	128,709	(355,891)
Total revenues	6,551,800	6,551,800	2,934,474	(3,617,326)
Other financing sources (uses)				
Fund balance	5,376,800	6,226,800	-	(6,226,800)
Interagency transfers in	-	-	6,968,489	6,968,489
Interfund transfers (out)	(11,928,600)	(12,778,600)	(9,151,104)	3,627,496
Total other financing sources	(6,551,800)	(6,551,800)	(2,182,615)	4,369,185
Excess (deficiency) of revenues over expenditures and other financing	\$ -	\$ -	\$ 751,859	\$ 751,859

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Improvement of the Rio Grande Fund (32800)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Investment income	\$ 1,450,000	\$ 1,450,000	\$ 479,910	\$ (970,090)
Land rental or lease income	-	-	221,008	221,008
Miscellaneous income	58,700	58,700	-	(58,700)
Total revenues	1,508,700	1,508,700	700,918	(807,782)
Other financing sources (uses)				
Fund balance	1,337,800	1,337,800	-	(1,337,800)
Interagency transfers in	-	-	1,556,253	1,556,253
Interfund transfers (out)	(2,846,500)	(2,846,500)	(1,482,174)	1,364,326
Total other financing sources	(1,508,700)	(1,508,700)	74,079	1,582,779
Excess (deficiency) of revenues over expenditures and other financing	\$ -	\$ -	\$ 774,997	\$ 774,997

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
New Mexico Unit Fund (30810)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Investment income	\$ -	\$ -	\$ 3,049,521	\$ 3,049,521
Total revenues	-	-	3,049,521	3,049,521
Expenditures				
Current:				
Contractual services	-	(19,698)	427,269	(446,967)
Other costs	-	19,698	1,934,576	(1,914,878)
Total expenditures	-	-	2,361,845	(2,361,845)
Other financing sources (uses)				
Fund balance	1,015,000	1,125,000	-	(1,125,000)
Interfund transfers (out)	(1,015,000)	(1,125,000)	(1,102,036)	22,964
Arizona Water Settlement	-	-	9,040,000	9,040,000
Total other financing sources	-	-	7,937,964	7,937,964
Excess (deficiency) of revenues over expenditures and other financing	\$ -	\$ -	\$ 8,625,640	\$ 8,625,640

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

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

Assets	
Investment in State General Fund Investment Pool	\$ 29,607
Cash and cash equivalents	252,922
<hr/>	
Total assets	\$ 282,529
<hr/> <hr/>	
Liabilities	
Water rights protest hearing/other deposits	\$ 29,607
Deposits held for others	252,922
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Total liabilities	\$ 282,529
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The accompanying notes are an integral part of these financial statements.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The formation of the Office of the State Engineer (the "Agency") began in 1905, when the Office of the Territorial Irrigation Engineer was established. In 1904, the territorial surface water code was enacted. This legislation superseded the 1905 law and created the Office of the Territorial Engineer, later known as the Office of the State Engineer. Section 72-2-1, NMSA 1978 Compilation, provides that there shall be a "state engineer" who shall be a technically qualified and registered professional engineer under the Engineering and Land Surveying Practice Act (Chapter 61, Article 23, NMSA 1978 Comp.). The State Engineer shall be appointed by the Governor and confirmed by the Senate.

The Office of the State Engineer is composed of four programs: Water Resource Allocation, Interstate Stream Compact Compliance and Water Development, Water Rights Protection and Adjudication, and Program Support. Each program is managed by a director who is responsible directly to the State Engineer.

The New Mexico Interstate Stream Commission, created by Chapter 25, Laws of 1935, is delegated broad general powers for the protection, conservation and development of the waters and stream systems of New Mexico, both interstate and intrastate (Section 72-14-3, NMSA, 1978 Compilation).

The Interstate Stream Commission is composed of nine members, eight of whom are unsalaried and appointed by the governor for a term of six years; the ninth member and secretary of the Commission is the State Engineer. The statutes provide that the eight appointed members shall be representatives of major irrigation districts or sections of the State and that no two members shall be appointed from the same district or section. The chairman is elected by the Commission.

The Office of the State Engineer and the Interstate Stream Commission are separate, but are companion State entities. The responsibilities of the Office of the State Engineer include water rights administration, water resource investigations, dam safety, rehabilitation of diversion dams and ditches, flood mitigation programs, issuance of water well driller licenses, and hydrographic surveys for water rights adjudications. The Interstate Stream Commission administers interstate stream compacts, funds regional planning projects, oversees interstate litigation, cooperates in the planning of Federal water projects, and provides financial assistance for the construction of irrigation works. Together the two are responsible for the administration, development, conservation and protection of New Mexico's water resources.

This summary of significant accounting policies of the Agency is presented to assist in the understanding of Agency's financial statements. The financial statements and notes are the representation of Agency's management who is responsible for their integrity and objectivity. The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Agency has no component unit.

The Agency is not included in any other governmental "reporting entity" as defined by Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, but is included in New Mexico the state-wide Comprehensive Annual Financial Report (CAFR).

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

During the year ended June 30, 2019, the Agency adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These Statements are required to be implemented as of June 30, 2019, if applicable. The implementation of these statements did not have a significant impact on the Agency because the activities of the Agency were not affected by the statements in a material manner.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Appropriations and other items not properly included among program revenues are reported instead as *general revenues*.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, noncurrent liabilities, including expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenue associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period, subject to the availability criterion. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Agency's citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Agency's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Agency facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as bureau of reclamation to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all state appropriations.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Agency reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The Agency does not currently employ indirect cost allocation systems.

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

Under the requirements of GASB Statement No. 34, the Agency is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund (21400, 86400)* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Unexpended amounts that are not restricted at the end of the fiscal year shall revert to the State General Fund.

General Fund (21400) is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Multi-Year Special Appropriation Fund (86400) is the fund that accounts for appropriations and other financial resources, other than those related to capital projects, where expenditure is allowed over multiple years. The fund was administratively established because a separate fund was deemed necessary for accountability.

Special Revenue Funds: Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes. No expenditures can be made from special revenue funds for operations of the Agency. Unexpended amounts at year-end are restricted for future program expenditures in the fund balance sheets.

The *Irrigation Works Construction Fund (32600)* This fund accounts for program costs to review, evaluate and approve loan agreements and financing contracts with conservancy, irrigation and soil and water conservation districts, community ditches and private ditch and reservoir companies and related functions. The fund was created by Section 72-14-23, NMSA 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are typically recorded in the general fund because this is where the Legislature appropriated the funds for expenditure; however, appropriations may still result in current year expenditures in this fund. Any unexpended or unencumbered balance remaining in the fund at the end of a fiscal year shall not revert to the State General Fund.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Improvement of the Rio Grande Fund* (32800) fund accounts for funds distributed to various entities for projects relating to improvements of the Rio Grande channel. The fund was created by Section 72-14-4 through 72-14-6, NMSA, 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are recorded in the general fund because this is where the Legislature appropriated the funds for expenditure. Any unexpended or unencumbered balance remaining in the fund at the end of a fiscal year shall not revert to the State General Fund.

The *New Mexico Unit Fund* (30810) consists of money distributed to the state pursuant to Paragraphs (2)(D)(i) and (ii) of Section 403(f) of the federal Colorado River Basin Project Act of 1968, as amended by Section 107(a) of the federal Arizona Water Settlements Act, Public Law 108-451, December 10, 2004, and other money made available to the fund pursuant to Section 212 of the federal Arizona Water Settlements Act, Public Law 108-451, December 10, 2004, in addition to appropriations, grants, and donations or bequests to the fund. The provisions of federal law establish that the purpose of money in the fund is to pay the costs of the New Mexico unit or other water utilization alternatives to meet water supply demands in the southwest water planning region of New Mexico, as determined by the Interstate Stream Commission in consultation with the southwest New Mexico water study group or its successor, including costs associated with planning and environmental compliance activities and environmental mitigation and restoration. Any unexpended or unencumbered balance remaining in the fund at the end of a fiscal year shall not revert to the State General Fund.

Capital Project Funds: Capital projects funds account for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment and roads. Unexpended amounts at year-end are restricted for future program expenditures in the fund balance sheets.

The *Severance Tax Bond (STB) Capital Outlay Fund* (89200) is used to account for Severance Tax Bond funded appropriations for the acquisition or construction of major capital facilities and water rights. This fund is also used to account for Severance Tax Bond funded capital appropriations to local governments that are administered by the Agency. This fund is a reverting fund after the transaction period has expired.

The *General Fund (GF) Capital Outlay Fund* (93100) is used to account for financial resources of State General Fund appropriations used for the acquisition or construction of major capital facilities and water rights. This fund is also used to account for State General Fund appropriations to local governments that are administered by the agency and is non-reverting.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the government reports the following agency funds:

The *Irrigation Fees Suspense Fund* (84900) is used to account for the collection and payment of irrigation fees and water rights protest hearing deposits. Irrigation fees are transferred to the State General Fund and water rights protest hearing deposits are held until settlement. The fund is authorized by Section 72-2-6. NMSA, 1978 Compilation.

The *United States Army Corps of Engineers Fund* (10530) is an escrow account used to enable the Interstate Stream Commission to make available funds for the United States Army Corps of Engineers (COE) for use toward 1113 Acequia Projects. The 1113 Acequia Project (Section 1113 (a) (1) of the Water Resources Development Act of 1986, Public Law 99-662) is for the restoration and preservation of the Acequia systems that have cultural and historic values to the region. The purpose of these projects is to protect and to restore the river diversion structures and associated canal systems in New Mexico that are declared as political subdivisions of the State of New Mexico. Only the COE has authority to withdraw funds from the account. Interest on the account is credited to Irrigation Works Construction Fund (32600). The Agency does not have authority to issue warrants.

The *Ute Dam Outlet Works Pipeline Replacement Project Fund* (10520) is an escrow account maintained for the COE for the purposes of modification of the outlet works at the Ute Dam. Modifications include the replacement of the pipeline and the design and construction of repairs to mitigate slab failure and to prevent additional damage to the slab, the foundation and the adjacent spillway. Only the COE has authority to withdraw funds from the account. The Agency has authority to issue warrants through this fund.

The *Rio Grande Floodway Escrow Fund* (11780) was established to account for the activity in the Rio Grande Floodway escrow account per the Memorandum of Agreement between the Agency and the U.S. Army Corps of Engineers. The project includes the design, construction, and construction management of the Rio Grande Floodway, San Acacia to Bosque del Apache Unit. The fund is authorized by Section 72-14-28. NMSA, 1978 Compilation. The Agency has authority to issue warrants through this fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

Deposits and Investments: The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

State statutes authorize the Agency to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the Agency are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The composition of investments and fair values are presented in Notes 3 and 4.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental are netted as part of the reconciliation to the government-wide financial statements. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due from Other State Agencies: Due from other state agencies consist of appropriations to the Agency transferred via other state agencies, investment earnings due to the Agency funds, and drawdowns of bond proceeds. No allowance for doubtful accounts for the due from other state agencies were necessary because the amounts were due from funds held by another state agency and are considered fully collectible by management.

Due from the Federal Sources: The balance due from federal sources is comprised of reimbursements to the Agency for grant and contract-related expenditures, but not received by year-end. No allowance for doubtful accounts for the due from federal sources were necessary because the amounts are considered fully collectible by management.

Due from New Mexico Finance Authority (NMFA): The balance due from the New Mexico Finance Authority represents the money owed to the Agency from the State of New Mexico's component unit regarding the Water Trust Board funds.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Interest and Loans Receivable: State statute authorized the Interstate Stream Commission to make loans to irrigation and similar districts, acequia and community ditch associations, and to municipalities and other political subdivisions of the State, out of any unpledged funds in the Irrigation Works construction Fund, for engineering, design and construction of a project or rehabilitation of an existing project. Generally, the loans are repayable in annual installments over ten to twenty years with interest at two and one-half percent. As such, these loans are generally considered to be long term in nature on the statement of net position.

Accrued interest receivable comprises interest due from loan balances outstanding during the year, which generally require one annual payment of principal and interest. Interest is calculated on the outstanding principal balance from the last payment date using the simple method.

The Agency has established an allowance for uncollectible notes receivable and related interest receivable in order to present an accurate record of the Agency's financial status. However, as per state guidelines, the Agency is prohibited from forgiveness of debt; an amount owed to the Agency can only be compromised when a good faith dispute exists as to the actual amount of indebtedness or liability. Specifically, Article IV Section 32 of the New Mexico Constitution provides that no obligation or liability of any person, association or corporation held or owned by or owing to the state, or any municipal corporation therein, shall ever be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be extinguished except by the payment thereof into the proper treasury, or by proper proceeding in court. The Agency maintains permanent records and information about all amounts due, including amounts that have been deemed by management as uncollectible. The Agency utilizes all methods at its disposal to recover all balances due, including legal action, when other methods do not result in payment.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments or capital projects.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, as a Phase 2 government, the historical cost of infrastructure assets, (retroactive to June 30, 1980) are included as part of the governmental capital assets reported in the government wide statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure assets	40
Furniture and fixtures	10
Machinery and equipment	5-7
Leasehold improvements	Life of the lease
Vehicles	5

Accrued Payroll: Accrued payroll is comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable FICA and Medicare liabilities.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Agency has no deferred outflows at June 30, 2019.

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Agency has two items which arises under the modified accrual basis of accounting that qualifies for reporting in this category.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

The Agency's settlement due from the federal government and related interest receivable presented on the Governmental Funds balance sheet is not considered available revenue, resulting in deferred inflows of \$16,535,122 and \$510,191 as of June 30, 2019. See Note 7 for additional information.

Compensated Absences: Agency employees are entitled to certain compensated absences based on their employment classification and length of employment.

Vacation Leave – Employees may accumulate up to 240 hours of vacation and carry leave forward from calendar year to calendar year. Upon termination, employees will be paid up to 240 hours, at their current hourly rate, of accrued vacation pay leave. All vacation pay is accrued when incurred in the government-wide financial statements.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Sick Leave – Each employee of the Agency accumulates sick leave of 3.69 hours per pay period. Sick leave can be carried forward from calendar year to calendar year. There is no limit to the amount of sick leave that an employee may accumulate. Upon termination, employees are paid for the accumulated time at their current hourly rate up to 600 hours. Amounts over 600 hours are paid out at 50% of their current rate up to 120 hours. Sick leave is paid once per fiscal year in either January or July. Upon retirement, those employees with over 600 hours of sick leave accumulated have the option to convert 400 hours of such leave to cash at one half of their current hourly rate.

Long-term Obligations: In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

Indian Water Rights Settlement – This liability relates to the distribution of the State of New Mexico's funds for the State's share of the costs associated with the Navajo Nation settlement in the San Juan River adjudication, the settlement agreement with the Pueblos of Nambe, Pojoaque, Tesuque, and San Ildefonso in the Aamodt adjudication and the Taos Pueblo settlement in the Rio Pueblo de Taos/Rio Hondo adjudication. See Note 14 for more detail.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)*

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, unassigned). Restricted fund balance 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.

For the classification of fund balances, the Agency considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Agency considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2019, the nonspendable fund balance of the Agency is comprised of long-term receivables in the Irrigation Works Construction Fund in the amount of \$719,448 which are not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$128,359,413. The Agency had no committed funds on the governmental funds balances sheet at June 30, 2019. The details of these fund balance items are located in Note 25.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue" and "capital projects" are described in Note 25.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Unrestricted Net Position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Agency’s financial statements include the allowance for uncollectible accounts, expected useful lives of capital assets, current portion of accrued compensated absences, and the value of contingent liabilities.

Encumbrance Accounting: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the General Fund and the Special Revenue Funds. Encumbrances not recorded as vouchers payable at year end lapse.

Revenues, Expenditures, and Expenses: Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Agency uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. No later than September 1, the Agency prepares a budget appropriation request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the New Mexico Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request, which then becomes the Governor's proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information (Continued)

6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
7. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
8. The Agency submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1.
9. All subsequent budget adjustments must be approved by the Agency and the Director of the DFA Budget Division. The budget for the current year was properly amended.
10. Legal budget control for expenditures and encumbrances is at the appropriation unit level.
11. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
12. The budget is adopted on a modified accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America. This change was implemented with the Laws of 2004, Chapter 114, Section 3 Paragraph N and Paragraph O. It is effective for fiscal years beginning July 1, 2004. However, there is a statutory exception per General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA. 1978. Those accounts payable must be paid out of the next year's budget.
13. Each year the Legislature approves multiple appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with the budgeting methodology.

The accompanying statements of revenues, expenditures and changes in fund balance – budget and actual presents the legally adopted budget with actual data on the GAAP basis at the fund level. The schedule of revenues, expenditures and changes in net position – budget and actual – by appropriation compares the legally adopted budget at the legal level of budget authority on the GAAP basis.

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NOTE 3: INVESTMENT IN 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.

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

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.

Since then, State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCD), has taken an aggressive action toward appropriate resolution.

Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE system configurations. As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the state's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013.

On July 11, 2014, DFA/FCD commenced the Historical Cash Reconciliation Project (Phase II) in partnership with Deloitte & Touche, LLP. The scope of this project was July 1, 2006 (SHARE implementation) to January 31, 2013 (the point at which DFA/FCD began reconciling cash activity as noted in the paragraph above). An effort in late 2014 was made to reconcile transactions but was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive, and therefore, do not merit additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress was made in the overall reconciliation process, and the FCD now has an operational model that effectively compares statewide claims against the State General Fund Investment Pool and resources held at the State Treasurer's Office. This process has been operational since March of 2015.

This process has now been reviewed by the independent public auditors performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to the cash reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100 million that had been reserved as a loss contingency.

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Notes to Financial Statements
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NOTE 3: INVESTMENT IN STATE GENERAL FUND INVESTMENT POOL (Continued)

For 2017, the following assertions are provided:

The calculated difference between resources maintained by the State Treasurer's Office and the agency claims has remained stable and within a narrow and acceptable range (less than \$200 thousand standard deviation) over the last twelve months.

Resources are sufficient to cover claims, and there is no need to adjust any specific business unit claim on the State General Fund Investment Pool.

All claims will be honored at face value.

For 2018, the following assertions were provided:

As of June 30, 2018, resources held in the pool were equivalent to the corresponding business unit claims on those resources.

All claims as recorded in SHARE shall be honored at face value.

For 2019, the following assertions were provided:

As of June 30, 2019, resources held in the pool were equivalent to the corresponding business unit claims on those resources.

All claims as recorded in SHARE shall be honored at face value.

The Agency has established daily and monthly procedures that mitigate the risk of misstatement of the Agency's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

Detail of pledged collateral specific to this agency is unavailable because the bank comingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

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NOTE 3: INVESTMENT IN STATE GENERAL FUND INVESTMENT POOL (Continued)

The following is a summary of the Agency's investment account of the State General Fund Investment Pool held by the New Mexico State Treasurer as reported by the New Mexico Department of Finance and Administration (DFA):

Fund	Type of Account	SHARE Fund No.	Reconciled Balance
General Fund	Investment	21400	\$ 8,214,828
General Fund	Investment	86400	3,957,706
Irrigation Works Construction Fund (deficit)	Investment	32600	(2,628,090)
Improvement of the Rio Grande Fund	Investment	32800	7,390,491
Capital Projects Fund	Investment	26700	533,041
Ute Dam Operating Fund	Investment	32400	21,856
Ute Dam Construction Fund	Investment	32500	779,659
Pecos River Basin Land Management Fund	Investment	68600	578,745
STB Capital Outlay Fund	Investment	89200	15,237,972
GF Capital Outlay Fund	Investment	93100	17,653,716
New Mexico Unit Fund	Investment	30810	18,395,977
Indian Water Rights Settlement Fund	Investment	20170	1,046,127
Total Investment in State Treasurer's General Fund Investment Pool per Statement of Net Position			71,182,028
Irrigation Suspense Fund	Fiduciary	84900	29,607
Total share of State General Fund Investment Pool			\$ 71,211,635

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The Agency's formal policy relating to custodial credit risk on its deposits requires that all funds are collateralized at a minimum level of 50%.

As detailed in the schedule of deposit and investment accounts, the Agency had deposits with a carrying value of \$252,922 in Wells Fargo Bank. Detail of pledged collateral specific to this Agency is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the New Mexico Office of the State Treasurer's collateral bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

The Agency also has \$125 in petty cash at fiscal year ended June 30, 2019.

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NOTE 4: INVESTMENTS

The Agency's investments at June 30, 2019 include the following:

	32600		32800		30810		Total
	Irrigation Works Construction Fund		Improvement of the Rio Grande Fund		NM Unit Fund		
	Units	Market Value	Units	Market Value	Units	Market Value	
Large Cap Active Pool	1,728	\$ 11,210,212	239	\$ 1,550,088	-	\$ -	\$ 12,760,300
Large Cap Index Pool	-	-	-	-	2,855	12,404,333	12,404,333
Small/Mid Cap Pool	-	-	-	-	879	3,319,011	3,319,011
Core Plus Bonds Pool	1,901	6,699,522	269	947,144	5,294	18,654,018	26,300,684
Non US Developed							
Markets Index Pool	-	-	-	-	3,906	7,453,749	7,453,749
Non US Emerging							
Markets Active Pool	-	-	-	-	1,853	2,250,158	2,250,158
Total investments		\$ 17,909,734		\$ 2,497,232		\$ 44,081,269	\$ 64,488,235

Investment earnings for the year ended June 30, 2019 were as follows:

	32600	32800	30810
	Irrigation Works Construction Fund	Improvement of the Rio Grande Fund	NM Unit Fund
Interest and dividends on investments and cash deposits	\$ 368,456	\$ 51,713	\$ 1,245,214
Realized gain (loss) on sale of investments	1,310,742	181,638	1,072,686
Increase (decrease) in fair value of investments	108,097	15,433	328,391
Management fee expense	(43,953)	(6,116)	(70,595)
Interest on investments at STO	55,258	237,242	473,825
Investment earnings	\$ 1,798,600	\$ 479,910	\$ 3,049,521

The investment pools are managed by the New Mexico State Investment Council and the Agency has no control or authority over the securities that each pool acquires. The Constitution and Statutes of the State of New Mexico place various restrictions on investments, which may be held by the State.

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NOTE 4: INVESTMENTS (Continued)

The purpose of these restrictions is to minimize risk within portfolios. Separate audited financial statements of the investment pools indicated above are available from the New Mexico State Investment Council. These funds are also reported in the New Mexico State Investment Council's regular annual audit.

Interest Rate Risk – Investments. Interest rate Risk is the risk that changes in interest rates could adversely affect the fair value of an investment.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Agency.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

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NOTE 4: INVESTMENTS (Continued)

The valuation methodologies are described in the New Mexico State Investment Council's audited financial statements. The methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Agency maintained a balance of \$64,488,235 in investments at June 30, 2019, which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy of the Agency's assets at fair value as of June 30, 2019:

	Fair Value Level			Total
	Level 1	Level 2	Level 3	
Equity Securities	\$ 38,187,551	\$ -	\$ -	\$ 38,187,551
Debt Securities	-	26,300,684	-	26,300,684
	\$ 38,187,551	\$ 26,300,684	\$ -	\$ 64,488,235

NOTE 5: ACCOUNTS RECEIVABLE

Receivables as of June 30, 2019 for the Agency were as follows:

	21400/86400	32600	30810	Total
	General Fund	Irrigation Works Construction Fund	New Mexico Unit Fund	
Contract receivables	\$ 159,113	\$ 233,734	\$ -	\$ 392,847
Accrued interest on settlement	-	-	510,191	510,191
Accrued loan interest	-	71,617	-	71,617
Allowance for doubtful accounts	-	(58,146)	-	(58,146)
Interest receivable, net of allowance	-	13,471	510,191	523,662
Totals	\$ 159,113	\$ 247,205	\$ 510,191	\$ 916,509

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NOTE 5: ACCOUNTS RECEIVABLE (Continued)

Management considers contract receivables and accrued interest on settlement to be fully collectible as of June 30, 2019.

NOTE 6: LOANS RECEIVABLE

As of June 30, 2019, the Agency had the following loans receivable as of June 30, 2019.

	Irrigation Works Construction Fund
Loans receivable	\$ 747,194
Allowance for doubtful accounts	(27,746)
Loans receivable net of allowance	<u>\$ 719,448</u>

NOTE 7: SETTLEMENT DUE FROM FEDERAL GOVERNMENT

The State of New Mexico entered into the Arizona Water Settlement with the federal government. Under the terms of the agreement, the federal government will pay the State of New Mexico a total of \$66 million in 2004 dollars adjusted for inflation, in 10 annual installments. The inflation adjusted amount is estimated at \$90,400,000. The installment of \$9.04 million was received by the Agency during the fiscal year ended June 30, 2019, and the Agency recorded a receivable of \$16,535,122 to account for the remaining amount due. This receivable will be reduced as payments are received from the federal government according to the settlement agreement.

The Agency also recorded accrued interest receivable related to the settlement of \$510,191 as of June 30, 2019. The actual amounts received may require adjustment relative to the receivable recorded, due to indexing.

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NOTE 7: SETTLEMENT DUE FROM FEDERAL GOVERNMENT (Continued)

The amounts expected by year, as of June 30, 2019, assuming imputed interest of approximately 6.17%, are as follows:

Year	Payment	Principal	Interest	Receivable Balance
2020	\$ 9,040,000	\$ 8,019,618	\$ 1,020,382	\$ 8,515,504
2021	9,040,000	8,515,504	524,496	-
	\$ 18,080,000	\$ 16,535,122	\$ 1,544,878	

The amounts received by the Agency under this settlement agreement are restricted to costs of the New Mexico Unit that would develop all or some of the water provided to New Mexico in the Arizona Water Settlement Act, for water utilization alternatives that meet a water supply demand, planning, environmental restoration, or mitigation.

NOTE 8: DUE FROM/DUE TO OTHER STATE AGENCIES AND COMPONENT UNITS

The Agency had the following amounts due from other agencies as of June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Department of Homeland Security	79500	20050	\$ 77,305	FEMA Grant
			Total	\$ 77,305	

The Agency had the following amounts due from the New Mexico Finance Authority as of June 30, 2019:

Distribution for water rights adjudications	\$ 400,000
Total	\$ 400,000

The Agency had the following amounts due to other agencies as of June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Administrative Office of the Courts	21800	51200	\$ 80,000	Water Trust Fund distribution
			Total	\$ 80,000	

The interagency balances represent routine transactions and are consistent with the general characteristics of the Agency's transactions.

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NOTE 9: DUE TO STATE GENERAL FUND

The Agency had the following amounts due to the State General Fund as of June 30, 2019:

State General Fund appropriation reversion	\$ 1,933,805
Total	\$ 1,933,805

NOTE 10: INTERAGENCY TRANSFERS

The Agency had the following interagency transfers in for the year ended June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Department of Finance and Administration	34100	62000	\$ 288,100	FY19 Compensation
21400	Game and Fish Department	51600	19800	182,300	Ute Dam and Eagle Nest Dam
32600	State Investment Council	33700	60100	6,968,489	LGPF Distributions
32800	State Investment Council	33700	60100	1,556,253	LGPF Distributions
89200	Department of Finance and Administration - Board of Finance	34103	10920	1,062	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	20610	1,750,465	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	20650	12,899,246	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	40250	11,459	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	43120	500,000	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	50120	255,000	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	50230	435,209	STB Proceeds
89200	Department of Finance and Administration - Board of Finance	34103	50290	92,999	STB Proceeds
Total governmental funds				\$ 24,940,582	

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NOTE 10: INTERAGENCY TRANSFERS (Continued)

The Agency had the following interagency transfers out for the year ended June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Administrative Office of the Courts	21800	51200	\$ 80,000	Distribution of Water Project Funds distribution
89200	Administrative Office of the Courts	21800	51200	353,277	Distribution of Water Project Funds distribution
Total governmental funds				\$ 433,277	

The Agency had the following transfers due to reversions for the year ended June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Department of Game and Fish	51600	19800	\$ 76,745	Reversion for Eagle Nest and Ute Dam
21400	Department of Finance and Administration	34101	85300	1,933,805	Reversion for the State General Fund Appropriation
Total governmental funds				\$ 2,010,550	

The Agency had the following with regards to general fund appropriations for the year ended June 30, 2019:

Department Fund	Agency	Agency Number	Fund Number	Amount	Purpose
21400	Department of Finance and Administration	34101	85300	\$ 21,089,700	General Fund Appropriation
93100	Department of Finance and Administration	34101	85300	17,653,716	General Fund Appropriation
Total governmental funds				\$ 38,743,416	

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NOTE 11: INTERFUND TRANSFERS AND INTERFUND RECEIVABLES

Net operating transfers, made to supplement other funding sources, were as follows:

Transfers Out	Transfers In	Amount
New Mexico Unit Fund (30810)	General Fund (21400)	\$ 1,102,036
STB Capital Outlay Fund (89200)	General Fund (21400)	1,231,695
STB Capital Outlay Fund (89200)	Indian Water Rights Settlement Fund (20170)	500,000
Irrigation Works Construction Fund (32600)	General Fund (21400)	9,151,104
Improvement of the Rio Grande Fund (32800)	General Fund (21400)	1,482,174
Multi-Year Special Appropriation Fund (86400)	General Fund (21400)	151,444
	Total	\$ 13,618,453

NOTE 12: CAPITAL ASSETS

The capital assets activity for the year ended June 30, 2019 is as follows:

	Balance			Balance
	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated				
Water rights & land	\$ 75,156,678	\$ -	\$ -	\$ 75,156,678
Construction works-in-progress	-	360,230	(360,230)	-
Total capital assets not being depreciated	75,156,678	360,230	(360,230)	75,156,678
Capital assets being depreciated				
Infrastructure	43,997,887	360,230	-	44,358,117
Furniture and fixtures	764,888	-	-	764,888
Machinery and equipment	3,629,177	475,942	-	4,105,119
Leasehold improvement	43,184	-	-	43,184
Vehicles	36,463	-	-	36,463
Total capital assets being depreciated	48,471,599	836,172	-	49,307,771
Total capital assets	123,628,277	1,196,402	(360,230)	124,464,449
Accumulated depreciation				
Infrastructure	(17,485,247)	(1,272,608)	-	(18,757,855)
Furniture and fixtures	(637,648)	(57,380)	-	(695,028)
Machinery and equipment	(3,460,964)	(126,907)	-	(3,587,871)
Leasehold equipment	(43,185)	-	-	(43,185)
Vehicles	(36,463)	-	-	(36,463)
Total accumulated depreciation	(21,663,507)	(1,456,895)	-	(23,120,402)
Total capital assets, net	\$ 101,964,770	\$ (260,493)	\$ (360,230)	\$ 101,344,047

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NOTE 12: CAPITAL ASSETS (Continued)

The Governmental statement of revenues, expenditures, and changes in fund balance reports capital outlay expenditures of \$836,172. Capital outlay reconciles to capital asset additions as follows:

Capital outlay per Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds	\$ 836,172
Construction works in-progress transfers	360,230
Total additions	\$ 1,196,402

NOTE 13: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	June 30, 2018	Additions	Deletions	June 30, 2019	Due within one Year
Compensated absences	\$ 944,397	\$ 1,788,733	\$ 1,624,393	\$ 1,108,737	\$ 1,108,737

Compensated absences payable – The liability at June 30, 2019 has been recorded in the basic financial statements and represents the Agency’s commitment to fund accrued vacation, sick leave and personal time off costs from future operations. The compensated absence liability of the governmental fund is expected to be liquidated by the General Fund.

NOTE 14: INDIAN WATER RIGHTS SETTLEMENT

The Indian Water Rights Settlement Fund (§72-1-12 NMSA 1978) requires the State Engineer and the Interstate Stream Commission to report to legislative authorities regarding settlements involving Indian water rights and the State of New Mexico’s monetary obligations under these settlements. §72-1-11. The Agency’s fund 20170, Indian Water Rights Settlement, was created to receive and distribute State of New Mexico funds for the State’s share of the costs of these settlements. The Agency also takes charge in requesting appropriations to the legislature to fund Indian water rights settlements.

New Mexico currently has three Indian water rights settlements pending implementation: the Navajo Nation Settlement in the San Juan River adjudication; the Settlement Agreement with the Pueblos of Nambe, Pojoaque, Tesuque, and San Ildefonso in the Aamodt adjudication; and the Taos Pueblo Settlement in the Rio Pueblo de Taos/Rio Hondo adjudication. For each of these three settlements, a settlement agreement was executed in 2005 or 2006 by the tribe or Pueblos and the State of New Mexico. The Aamodt and Taos Pueblo settlement agreements also were executed by other water right owning parties. Subsequent to the passage of federal legislation authorizing each of the settlements in 2009 and 2010, the Secretary of the US Department of Interior signed all three settlement agreements on behalf of the United States. Copies of the three fully-executed settlement agreements and related documents can be found at: www.ose.state.nm.us/legal_ose_proposed_settlements.html.

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NOTE 14: INDIAN WATER RIGHTS SETTLEMENT (Continued)

Navajo Nation Settlement

The cost share contribution by the State of New Mexico under this settlement is capped at \$50 million (if fully paid by March 2017, otherwise inflation indexing applies) plus an additional \$10 million for the non-mandatory non-Indian ditch improvements. Of the \$50 million obligation, approximately \$34 million is to be appropriated through the State while the remaining amount will be appropriated through local governments. However, the settlement agreement allows the state to receive credits toward its cost share for projects already completed, or other future projects that would be determined by the US Department of Interior, Bureau of Reclamation (BOR), to meet the terms of the agreement.

The Agency estimates that the State of New Mexico will receive a credit towards its cost share for the Navajo Nation Settlement of about \$3.18 million. The Agency has been working with other state agencies to determine respective responsibilities and to coordinate efforts related to funds expended by the state that may meet settlement guidelines.

Aamodt Pueblo Settlement

In May 2006, the State of New Mexico, the Pueblos of Nambe, Tesuque, Pojoaque, and San Ildefonso, the County of Santa Fe and the City of Santa Fe executed a Settlement Agreement designed to resolve the claims of the four Pueblos to the use of waters in the Nambe-Pojoaque-Tesuque (N-P-T), a tributary of the Rio Grande stream system in north central New Mexico. Federal legislation approving the Settlement Agreement was enacted into law in December 2010, when President Barack Obama signed the Claims Resolution Act of 2010. The Aamodt Settlement Act authorized the Secretary of Interior to execute, on behalf of the United States, a revised settlement agreement consistent with the Act ("conformed Settlement Agreement") with the State of New Mexico and other settlement parties. The conformed Settlement Agreement was executed by the parties in March 2013.

The Cost Sharing and System Integration Agreement has also been conformed to be consistent with the Aamodt Settlement Act, and was executed by the settlement parties in March, 2013. The State of New Mexico's total cost share for the Aamodt Pueblo Settlement before indexing for inflation is \$50,000,000. The Cost Sharing Agreement sets out the funding obligations of the governmental parties to the settlement and establishes the fundamental operational agreements among the parties that will be operating the regional system. The State entered into a Funding Agreement on July 29, 2014 required by the Cost Sharing Agreement that sets out a schedule for the State of New Mexico's cost share contributions through FY2024.

Taos Pueblo Settlement

In May 2006, the State of New Mexico, the Taos Pueblo and several Taos-area water right-owning parties executed a Settlement Agreement to resolve the claims of the Taos Pueblo to the use of waters in the Rio Pueblo de Taos and Rio Hondo stream systems in north central New Mexico. Federal legislation approving the Settlement Agreement was enacted into law in December 2010. The Taos Settlement Act authorized the Secretary of Interior to execute, on behalf of the United States, a revised settlement agreement consistent with the Act ("conformed Settlement Agreement") which was executed by all the settlement parties in January 2013. The State of New Mexico's total cost share related to the Taos Pueblo settlement is \$20,050,000.

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NOTE 14: INDIAN WATER RIGHTS SETTLEMENT (Continued)

The value of Indian Water Right Settlement projects contemplated in the three pending settlements are estimated at more than \$1.6 billion as of June 30, 2019. The State of New Mexico's cost share of this overall liability is \$120,050,000 before indexing for inflation and credits (not counting the non-mandatory \$10,000,000). The State of New Mexico will not own the infrastructure once completed; the infrastructure and projects will be owned by tribal and local governments.

The Agency has recorded, as a special item, the estimated settlement expense in the government-wide financial statements, of \$69.7 million, as of June 30, 2019. This reflects adjustments reflecting revised estimates for the State's cost share under the Aamodt Settlement Agreement as well as a credit received for prior expenditures related to the settlement. A summary of the funds appropriated towards the settlements for the year ended June 30, 2019 is as follows:

	Total Cost Share	Appropriated Funds	Unappropriated Balance
Indian Water Rights Settlement			
Aamodt	\$ 75,469,835	\$ 44,000,000	\$ 31,469,835
Taos	20,050,000	20,150,000	(100,000)
Navajo	34,131,900	32,225,244	1,906,656
Total	\$ 129,651,735	\$ 96,375,244	\$ 33,276,491

A summary of the funds disbursed and remaining liability at June 30, 2019 is as follows:

	Total Cost Share	Disbursed to Date	Balance at June 30, 2019
Indian Water Rights Settlement			
Aamodt	\$ 75,469,835	\$ 15,000,000	\$ 60,469,835
Taos	20,050,000	14,541,303	5,508,697
Navajo	34,131,900	30,404,281	3,727,619
Total	\$ 129,651,735	\$ 59,945,584	\$ 69,706,151

Also, due to the fact that the timing of the payments is subject to obtaining appropriations, the amount due for these settlements and any related cost indexing is based on best estimates.

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NOTE 15: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

- The Agency did not have deficit fund balance at year end June 30, 2019.
- The Agency did not exceed approved budget at year end June 30, 2019.
- The Agency did not have any funds in which designated cash appropriations were in excess of available budget.

NOTE 16: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan: Compliant with the requirements of Government Accounting Standards Board Statement No. 68 Accounting and Financial Reporting for Pensions, the State of New Mexico implemented the standard for fiscal year ending June 30, 2015. The Agency, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA).

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report General Fund and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. The net pension liability is a long-term liability that is not directly related to or expected to be paid from the Agency's funds and therefore not reported in the Agency's statement of net position. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 17: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Postemployment Benefits - State Retiree Health Care Plan Compliant with the requirements of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The (Department, Agency, Commission, etc.), as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability.

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NOTE 17: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 18: DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local government and school district employees whose employers have elected participation in the plan which permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997, with provision for existing plans to make the required changes by January 1, 1999. PERA has approved plan amendments and has amended contracts with providers to comply with this amendment. Accordingly, plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

There are employees who are making contributions to a Deferred Compensation Plan. Neither the Agency nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants' salaries by the Agency have been paid to the New Mexico Public Employees' Retirement Association, which administers the plan.

NOTE 19: LAND GRANT PERMANENT FUND

The Ferguson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants, it was stipulated that such lands, totaling 13.4 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions. Royalties and principal from land sales are transferred by the New Mexico State Land Office to the New Mexico State Investment Council that adds these amounts to the corpus of the Land Grant Permanent Fund. The income received on the Land Grant Permanent Fund is distributed by the New Mexico State Investment Council to the beneficiaries.

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NOTE 19: LAND GRANT PERMANENT FUND (Continued)

Gains and losses on investment transactions are credited or charged to the corpus and do not directly impact distributions to beneficiaries. On November 5, 1996, New Mexico voters approved Constitutional Amendment No. 1 which, among other things, provides that annual distributions from the Land Grant Permanent Fund shall be one hundred two percent (102%) of the amount distributed in the immediately preceding fiscal year until the annual distributions equal four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years. Thereafter, the amount of the annual distributions shall be four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years. The amendment became effective when it was passed by the U.S. Congress and signed by the President of the United States in August 1997.

On September 23, 2003, New Mexico voters approved Constitutional Amendment No. 2 that changed the LGPF distributions. Beginning with the October 2003 distribution, the annual distributions from the LGPF are five percent (5.0 percent) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years. In addition to the five percent (5.0 percent) annual distribution made, an additional annual distribution shall be made pursuant to the following schedule: in fiscal years 2005 through 2012, an amount equal to eight-tenths percent (0.8 percent) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years; and in fiscal years 2013 through 2016, an amount equal to one-half percent (0.5 percent) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years.

The legislature, by a three-fifths vote of the members elected to each house, may suspend any additional distributions noted above. No additional distribution shall be made in any fiscal year if the average of the year-end market values of the LGPF for the immediately preceding five calendar years is less than five billion eight hundred million dollars (\$5,800,000,000).

Two Land Grant Permanent Fund beneficiaries are the Improvement of the Rio Grande Fund and the Water Reservoirs Income Fund. In 1955, the Legislature created the Irrigation Works Construction Fund to consist of the income creditable to the Water Reservoirs Income Fund and other monies that might be appropriated by the Legislature.

The amount of income received from the Agency's beneficial interest in the LGPF is recorded in the accompanied financial statements under the interagency transfers in for the Improvement of the Rio Grande Fund and the Irrigation Works Construction Fund. The Agency's income received from this beneficial interest as of and for the year ended June 30, 2019, was as follows:

	32600	32800
	Irrigation Works	Improvement
	Construction Fund	of the
		Rio Grande Fund
Distribution of investment earnings from LGPF	\$ 6,968,489	\$ 1,556,253
Investment earnings	\$ 6,968,489	\$ 1,556,253

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NOTE 20: RELATED PARTIES

1. Inter & Intra-state Commissions

State Engineer, John R. D'Antonio, Jr., served as a Commissioner of the Interstate Stream Commission, and also serves as the New Mexico Commissioner to the Rio Grande River Compact and the Upper Colorado River Compact. (See Note 1 for information related to the administration of the Office of the State Engineer and the Interstate Stream Commission.)

2. Water Trust Board

The Water Trust Board is a 16-member Board that recommends to the Legislature projects to fund via the Water Project Fund, a fund created by the Legislature in 2001 and administered by the New Mexico Finance Authority. John R. D'Antonio, State Engineer, serves as Member of the Water Trust Board. During fiscal year 2019, the Agency received direct transfers of \$400,000 from the Water Trust Board for water rights adjudications as provided for in 72-4A-9 NMSA 1978. In turn, the Agency was required to transfer \$80,000 to the Administrative Office of the Courts for litigation and adjudication costs.

3. Costilla Creek Compact

Several employees of the Office of the State Engineer/Interstate Stream Commission have responsibilities for the administration of the Costilla Creek Compact (the Compact). The Compact, approved by the Legislature by the Laws of 1945, Chapter 51, and amended on September 30, 1945, provides for the equitable division and apportionment of the use of the waters of Costilla Creek. The Compact is comprised of the officials in both New Mexico and Colorado who are charged with the duty of administering public water supplies. The salaries and expenses of the members of the Compact are paid by each respective state. The Compact may employ assistance as deemed reasonably necessary, and to the extent that it is not borne by the United States, the costs are assumed equally by the two states.

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NOTE 20: RELATED PARTIES (Continued)

3. Costilla Creek Compact (Continued)

A summary of the Compact's financial status for fiscal year 2019 includes:

Condensed Balance Sheet (Unaudited)	
As of June 30, 2019	
Assets	
Cash	\$ 55,703
Total assets	\$ 55,703
Liabilities	
Accounts payable	\$ 36,676
Total liabilities	36,676
Fund Balance	19,027
Total liabilities and fund balance	\$ 55,703
Condensed Statement of Activities (Unaudited)	
For the Year Ended June 30, 2019	
Revenues	
Assessments	\$ 120,889
Interest	15
Total revenues	120,904
Expenses	114,395
Change in fund balance	6,509
Beginning fund balance	12,518
Ending fund balance	\$ 19,027

During fiscal year 2019, John R. D'Antonio served as a Commissioner of the Compact, Monica Trujillo, Water Rights Allocation Program Manager, served as the Treasurer of the Compact, and Wilfred Lucero, Agency employee, served as Water Master. In fiscal year 2019, the Compact reimbursed the Agency for \$114,395 in salary plus benefit costs for personal services costs and contractual expenses; no other financial transactions occurred between the Agency and the Compact.

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NOTE 20: RELATED PARTIES (Continued)

4. NM CAP Entity

The New Mexico Unit Fund (“NM Unit Fund”) is a fund in the New Mexico treasury created by the NM Unit Fund Act, NMSA 1978, § 72-14-45, consisting primarily of deposits from the United States pursuant to the federal Arizona Water Settlements Act of 2004 (“AWSA”). The AWSA allocates to New Mexico an annual average of 14,000 acre-feet of water from the Gila Basin and up to \$128 million in non-reimbursable federal funding. The water is in addition to that allocated to New Mexico in the 1964 U.S. Supreme Court decree in *Arizona v. California*. The funds may be used only in the southwest water planning region of New Mexico (Catron, Grant, Hidalgo, and Luna counties).

In addition, the AWSA provides \$66 million (adjusted for inflation) for construction of a New Mexico Unit (“NM Unit”) or other water utilization project(s) in the counties of Catron, Grant, Hidalgo, and Luna. Additional funding from the Department of the Interior in an amount up to \$62 million may be available specifically for construction of a NM Unit pursuant to the AWSA. The \$66 million provided to New Mexico is being deposited in 10 installments, adjusted for inflation, into the NM Unit Fund. Money in the NM Unit Fund is administered by, and appropriated to, the New Mexico Interstate Stream Commission (“NMISC”). Any income from the Fund is credited to the Fund and balances do not revert to the general fund.

The AWSA also provides for the creation of the New Mexico CAP Entity (“CAP Entity”), an entity formed or designated by the State of New Mexico, through the NMISC, to enter into the NM Unit Agreement with the Secretary. In addition, the AWSA states that the CAP Entity shall own and hold title to all portions of the NM Unit. Following construction of the NM Unit, the CAP Entity will be responsible for reimbursing the Secretary for operation, maintenance, and repair (“OM&R”) costs attendant to delivery of the exchange water. The AWSA also requires that the New Mexico Interstate Stream Commission approve all uses of the water and funds.

The CAP Entity was formed under a Joint Powers Agreement (“JPA”) approved by the Department of Finance and Administration (“DFA”) in July 2015. The CAP Entity is currently composed of thirteen local governments from Southwest New Mexico and the NMISC signed the JPA as a non-voting member. Under the JPA, the NMISC is the first fiscal agent since it receives the AWSA Funds from the Bureau of Reclamation and the second fiscal agent, the City of Deming, handles all of the financial transactions for the NM CAP Entity.

NOTE 21: CONTINGENT LIABILITIES

The Agency is party to various claims and lawsuits arising in the normal course of business. While the outcome of the proceedings cannot be predicted, the Agency believes that any potential liability would be covered through insurance, supplemental appropriations, or would be immaterial to the financial statements.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 21: CONTINGENT LIABILITIES (Continued)

A state district judge ruled that the Interstate Stream Commission violated the Open Meetings when approving two contracts involving a diversion project in southern part of the state. As a result of the ruling, the Agency is exposed to a liability of \$115,779 as the plaintiff is seeking reimbursement of legal costs. Because the liability has a high probability of being awarded and is estimable, a short-term contingent liability for \$115,779 was accrued in the New Mexico Unit Fund (30810) and the Government-Wide statement of net position.

NOTE 22: CONCENTRATIONS

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

NOTE 23: COMMITMENTS

Operating Leases

Buildings and Structures

The Agency leases office space at six locations throughout the State and occupies office space owned by the New Mexico General Services Department in three other locations. The terms of the leases run from two to ten years. Certain leases contain escalation clauses and renewal options. All leases contain fiscal funding clauses. Lease expenditures under the leases were \$900,838 for the year ended June 30, 2019.

Machinery & Equipment

The Agency leases twenty-six copy machines, various servers and postage machines. The terms of the leases run from two to four years. The leases on the copy machines also provide for maintenance and copy charges. All leases contain fiscal funding clauses. Lease expenditures, including maintenance charges of the equipment, were \$119,998 for the year ended June 30, 2019.

Vehicles

The Agency leases 66 vehicles on an annual basis from the New Mexico General Services Department. Lease expenditures under the leases were \$166,222 for the year ended June 30, 2019.

Rio Grande Water Rights

The Agency entered into a ten year lease for surface water rights necessary to fulfill a statutory mandate. Lease expenditures under this agreement were \$28,098 for the year ended June 30, 2019. Future lease payments will fluctuate and are dependent on the number of water rights leased and amounts adjusted for inflation.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 23: COMMITMENTS (Continued)


The following is a schedule by years of future minimum lease rental payments required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2019:

Year Ending June 30,	Buildings & Structures	Machinery Equipment	Rio Grande Water Rights
2020	\$ 904,176	\$ 52,140	\$ 86,863
2021	904,496	29,667	88,600
2022	799,764	25,191	90,372
2023	661,855	8,555	92,180
2024	639,466	-	94,023
2025	243,060	-	95,904
	\$ 4,152,817	\$ 115,553	\$ 547,942

The Agency had the various construction commitments as of June 30, 2019 related to the improvement of the State's water related infrastructure and meters. These projects are funded by the State Appropriations listed in Supplemental Schedule IV. Due to the nature of State Appropriations and the associated contract terms, these projects are not considered true obligations to the Agency as the related contracts can be terminated in the event the project appropriation was de-authorized.

Risk Management

The Agency obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. The coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Agency are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2018 through June 30, 2019. There have been no settlements in excess of insurance coverage as of June 30, 2019.



State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 24: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 30, 2019, which is the date on which the financial statements were available to be issued.

The Bureau of Reclamation's cost estimate for construction of the regional water system was \$406.0 million at the end of calendar year 2018. During the 2019 legislative session the NM Legislature authorized up to \$100M for the Aamodt Settlement in order to help fund the project shortfall. In September 2019, the settlement parties entered into the 611g agreement which will require the settlement parties to provide additional funding for the project as follows: \$276.8 million by the United States, \$100.0 million by the State, and \$38.4 million by Santa Fe County. In addition, the settlement parties will need to enter into a revised cost-sharing and system integration agreement and the State will need to enter into a revised project funding agreement with Bureau of Reclamation.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 25: FUND BALANCE AND NET POSITION

Fund balance on the modified accrual basis was classified as follows at June 30, 2019:

	Restricted	Committed	Nonspendable
General Fund (21400/86400)			
Emergency Drought Water Agreement	\$ 4,031,965	\$ -	\$ -
Adjudications	120	-	-
Conservation Water Agreement	1	-	-
Strategic Water Reserve	698,882	-	-
Special Appropriation	1,582,000	-	-
Private grant	15,000	-	-
	<u>6,327,968</u>	-	-
Irrigation Works Construction Fund (32600)			
Water Conservation	15,528,849	-	-
Long-term receivable	-	-	719,448
Improvement to the Rio Grande Fund (32800)			
Water Conservation	9,887,723	-	-
New Mexico Unit Fund (30810)			
Public works - Arizona Water Settlement	62,257,989	-	-
STB Capital Outlay Fund (89200)			
Indian water rights settlement	13,743,740	-	-
GF Capital Outlay Fund (93100)			
Capital outlay projects	17,653,716	-	-
Nonmajor Funds			
Public Works - Indian Water Rights Settlement (20170)	1,046,127	-	-
Land Management (68600)	578,745	-	-
Dam Construction and operations (32400/32500)	801,515	-	-
Capital outlay projects (26700)	533,041	-	-
Total	<u>\$ 128,359,413</u>	<u>\$ -</u>	<u>\$ 719,448</u>

The government-wide statement of net position reports \$128,359,413 of restricted net position for governmental activities, all of which is restricted by enabling legislation.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Notes to Financial Statements
June 30, 2019

NOTE 26: SUBSEQUENT PRONOUNCEMENTS

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Agency is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Agency is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Agency is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. Agency is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Agency is still evaluating how this pronouncement will affect the financial statements.

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Supplementary Information

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State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS

Ute Dam Operating Fund (32400) – This fund accounts for operations and maintenance of Ute Dam and reservoir. The fund was created by 72.14.36, NMSA, 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are recorded in the general fund because this is where the Legislature appropriated the funds for expenditures.

Ute Dam Construction Fund (32500) – The fund accounts for revenues generated from investments of funds remaining from the original Ute Dam capital Improvements Fund. The fund was created by Section 72.14.36 to 72.14.37, NMSA, 1978 Compilation.

Pecos River Basin Land Management Fund (68600) – The fund was created pursuant to Laws of 2006, Chapter 77 enacted as 72-1-2.5 NMSA 1978. The fund accounts for revenues and expenses related to the management of land purchases, pursuant to Section 72-1-2.4 NMSA 1978, and management of augmentation well fields in the lower Pecos River basin. Money in the fund does not revert to any other fund at the end of a fiscal year. The fund consists of appropriations, grants, donations or bequests to the fund, all revenues from land purchased pursuant to Section 72-1-2.4 NMSA 1978, and income from investment of the fund or money otherwise accruing to the fund. Money in the fund shall be invested pursuant to Chapter 6, Article 10 NMSA 1978.

Indian Water Rights Settlement Fund (20170) – This fund was created by 2007 NM laws, Chap. 42 Section 88. This legislation requires a certification by the Interstate Stream Commission to the Secretary of the Department of Finance and Administration (DFA) attesting to settlements involving water rights related to the Navajo Nation, Taos and Aamodt cases.

CAPITAL PROJECT FUNDS

Capital Projects Fund (26700) – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and water rights. The capital projects fund is reported by a generic fund type classification known as governmental funds. The fund was created by the Laws of 1996, Chapter 11.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		
	32400	32500	68600
	Ute Dam	Ute Dam	Pecos River
	Operating	Construction	Basin Land
	Fund	Fund	Management
			Fund
Assets			
Investment in State General Fund			
Investment Pool	\$ 21,856	\$ 779,659	\$ 578,745
Total assets	\$ 21,856	\$ 779,659	\$ 578,745
Fund balances			
Spendable:			
Restricted	\$ 21,856	\$ 779,659	\$ 578,745
Total fund balances	21,856	779,659	578,745
Total fund balances	\$ 21,856	\$ 779,659	\$ 578,745

See independent auditors' report.

<u>Special Revenue</u>	<u>Capital Projects</u>	
20170 Indian Water Rights Settlement Fund	26700 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,046,127	\$ 533,041	\$ 2,959,428
\$ 1,046,127	\$ 533,041	\$ 2,959,428
\$ 1,046,127	\$ 533,041	\$ 2,959,428
1,046,127	533,041	2,959,428
\$ 1,046,127	\$ 533,041	\$ 2,959,428

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue		
	32400 Ute Dam Operating Fund	32500 Ute Dam Construction Fund	68600 Pecos River Basin Land Management Fund
Revenues			
Miscellaneous income	\$ -	\$ 68,004	\$ -
Total revenues	-	68,004	-
Expenditures			
Agriculture, Energy, and Natural Resources			
Current:			
Other costs	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	68,004	-
Other financing sources (uses)			
Transfers in (out):			
Interfund transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	68,004	-
Fund balances, beginning of year	21,856	711,655	578,745
Fund balances, end of year	\$ 21,856	\$ 779,659	\$ 578,745

See independent auditors' report.

<u>Special Revenue</u>	<u>Capital Projects</u>	
20170		Total
Indian	26700	Nonmajor
Water Rights	Capital Projects	Governmental
Settlement	Fund	Funds
Fund	Fund	
\$ -	\$ -	\$ 68,004
-	-	68,004
244	2,140,815	2,141,059
244	2,140,815	2,141,059
(244)	(2,140,815)	(2,073,055)
500,000	-	500,000
500,000	-	500,000
499,756	(2,140,815)	(1,573,055)
546,371	2,673,856	4,532,483
\$ 1,046,127	\$ 533,041	\$ 2,959,428

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Combining Statement of the General Fund
Balance Sheet
For the Year Ended June 30, 2019

	General Fund (21400)	Multi-Year Special Appropriation Fund (86400)	Total General Fund
Assets			
Petty cash	\$ 125	\$ -	\$ 125
Investment in State General Fund Investment Pool	8,214,828	3,957,706	12,172,534
Accounts receivable	159,113	-	159,113
Due from other state agencies	77,305	-	77,305
Due from federal sources	65,968	-	65,968
Due from New Mexico Finance Authority	400,000	-	400,000
Total assets	\$ 8,917,339	\$ 3,957,706	\$ 12,875,045
Liabilities			
Accounts payable	\$ 3,109,305	\$ -	\$ 3,109,305
Accrued payroll	860,791	-	860,791
Other liabilities	78	(1)	77
Due to other state agencies	80,000	-	80,000
Due to State General Fund	1,933,805	-	1,933,805
Total liabilities	5,983,979	(1)	5,983,978
Fund balances			
Spendable:			
Restricted	3,761,455	2,566,513	6,327,968
Unassigned	(828,095)	1,391,194	563,099
Total fund balances	2,933,360	3,957,707	6,891,067
Total liabilities and fund balances	\$ 8,917,339	\$ 3,957,706	\$ 12,875,045

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Combining Statement of the General Fund
Statement Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund (21400)	Multi-Year Appropriation Special Fund (86400)	Total General Fund
Revenues			
Federal sources	\$ 179,025	\$ -	\$ 179,025
Miscellaneous income	2,192,386	-	2,192,386
Total revenues	2,371,411	-	2,371,411
Expenditures			
Agriculture, Energy, and Natural Resources			
Current:			
Personnel services and employee benefits	21,770,628	-	21,770,628
Contractual services	8,305,111	-	8,305,111
Other costs	5,562,160	-	5,562,160
Capital outlay	486,343	-	486,343
Total expenditures	36,124,242	-	36,124,242
Excess (deficiency) of revenues over expenditures	(33,752,831)	-	(33,752,831)
Other financing sources (uses)			
General fund appropriation	21,089,700	-	21,089,700
Transfers in (out):			
Interfund transfers in	13,118,453	-	13,118,453
Interagency transfers in	470,400	-	470,400
Interfund transfers (out)	-	(151,444)	(151,444)
Interagency transfers (out)	(80,000)	-	(80,000)
Reversions - 2019	(2,010,550)	-	(2,010,550)
Total other financing sources (uses)	32,588,003	(151,444)	32,436,559
Net change in fund balances	(1,164,828)	(151,444)	(1,316,272)
Fund balances, beginning of year	4,098,188	4,109,151	8,207,339
Fund balances, end of year	\$ 2,933,360	\$ 3,957,707	\$ 6,891,067

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Deposit and Investment Accounts
June 30, 2019

Bank Account Type/Name	State of New Mexico	Wells Fargo Bank	Totals
Investment in State General Fund			
Investment Pool	\$ 71,182,028	\$ -	\$ 71,182,028
Investments with the State Investment Council	64,488,235	-	64,488,235
COE Escrow	-	252,811	252,811
RG Floodway Escrow	-	111	111
Irrigation Suspense Fund	29,607	-	29,607
Total on deposit and investment	135,699,870	252,922	135,952,792
Reconciled balance			
June 30, 2019	\$ 135,699,870	\$ 252,922	135,952,792
Less: Investments per Statement of Net Position			(64,488,235)
Less: Agency funds cash and cash equivalents per Statement of Fiduciary Assets and Liabilities			(282,529)
Total investment in State General Fund Investment Pool per Statement of Net Position			\$ 71,182,028

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Changes in Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Ute Dam Escrow (10520)	\$ 16,526	\$ 5	\$ 16,531	\$ -
COE Escrow (10530)	252,735	76	-	252,811
RG Floodway Escrow (11780)	111	-	-	111
Irrigation Suspense Fund (84900)	29,607	-	-	29,607
Total assets	\$ 298,899	\$ 81	\$ 16,531	\$ 282,529
Liabilities				
Water rights protest hearing/ other deposits	\$ 29,607	\$ -	\$ -	\$ 29,607
Deposits held for others	269,372	81	16,531	252,922
Total liabilities	\$ 298,899	\$ 81	\$ 16,531	\$ 282,529

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Joint Powers Agreements
For the Year Ended June 30, 2019

Agreements	Participants	Responsible Party	Description
1 Investments of certain ISC monies	Interstate Stream Commission/ NM State Investment Council	Interstate Stream Commission	Invests certain moneys belonging to the ISC
2 Water litigation with the State of Texas	Interstate Stream Commission/ Office of the Attorney General of New Mexico	Interstate Stream Commission	Prepare for anticipated water litigation with the State of Texas
3 Operation, maintenance and development of a park and recreation area for Eagle Nest Lake	Office of the State Engineer, Interstate Stream Commission, Energy Minerals and Natural Resources and Game and Fish Dept.	Interstate Stream Commission	Operation, maintenance and development of a park and recreation area for Eagle Nest Lake
4 Administer the water rights in the district	Office of the State Engineer, Interstate Stream Commission/ San Miguel County	Interstate Stream Commission	Administer the water rights in the district

See independent auditors' report.

Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed current fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
3/3/1994 thru Indefinite	N/A	\$ -	Both Entities	Both Entities
3/11/2002 thru completion	As Budgeted per each Department	As Budgeted per each Department	Both Entities	Both Entities
10/25/2005 thru 6/30/2027	As Budgeted per each Department	As Budgeted per each Department	All Entities	Both Entities
11/16/2004 thru Indefinite	\$11,200 (amount to be provided by San Miguel for water master expenses)	N/A	ISC	Both Entities

See independent auditors' report.

State of New Mexico

Office of the State Engineer / Interstate Stream Commission

Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations

For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
Fund 26700 Capital Projects		
Laws of 2014, Chapter 66, Section 37, Subsection 1	A142155	\$ 1,000,000
Laws of 2014, Chapter 66, Section 38	A142158	4,000,000
Total Capital Outlay Appropriations - Fund 26700		\$ 5,000,000

Total unexpended balance

Fund balance

FUND 89200 STB Capital Outlay

Laws of 2013, Chapter 202, Section 48	A093790	\$ 293,093
Laws of 2011, Chapter 5, Section 16	A111303	15,000,000
Laws of 2012, Chapter 226, Section 29, Subsection 21	A131588	40,000
Laws of 2012, Chapter 226, Section 29, Subsection 26	A131593	40,000
Laws of 2012, Chapter 226, Section 29, Subsection 31	A131598	82,667
Laws of 2012, Chapter 226, Section 29, Subsection 38	A131605	25,000
Laws of 2014, Chapter 66, Section 15, Subsection 6	A141590	800,000
Laws of 2015 1st SS, Chapter 3, Section 18, Subsection 1	A150483	300,000
Laws of 2015 1st SS, Chapter 3, Section 18, Subsection 2	A150484	400,000
Laws of 2015 1st SS, Chapter 3, Section 18, Subsection 3	A150485	35,000
Laws of 2015 1st SS, Chapter 3, Section 18, Subsection 5	A150487	375,000
Laws of 2015 1st SS, Chapter 3, Section 18, Subsection 6	A150488	-
Laws of 2015 1st SS, Chapter 3, Section 19	A150489	8,200,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 1	A150630	40,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 2	A150631	30,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 3	A150632	30,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 5	A150633	15,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 6	A150634	20,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 7	A150635	100,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 8	A150636	30,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 9	A150637	10,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 10	A150638	15,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 11	A150639	65,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 12	A150640	10,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 13	A150641	10,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 14	A150642	30,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 15	A150643	25,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 16	A150644	25,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 17	A150645	40,050

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
03/11/2014-06/30/2020	\$ 466,959	\$ -	\$ 533,041
03/11/2014-06/30/2020	4,000,000	-	-
	\$ 4,466,959	\$ -	\$ 533,041
			\$ 533,041
			\$ 533,041
07/01/2015-06/30/2019	\$ 293,093	\$ -	\$ -
non-reverting	10,692,674	1,456,669	2,850,657
06/01/2013-06/30/2019	39,989	-	11
06/01/2013-06/30/2019	40,000	-	-
06/01/2013-06/30/2019	82,667	-	-
06/01/2013-06/30/2019	-	-	25,000
03/11/2014-06/30/2020	371,868	428,132	-
06/17/2015-06/30/2019	300,000	-	-
06/17/2015-06/30/2019	400,000	-	-
06/17/2015-06/30/2019	35,000	-	-
06/17/2015-06/30/2019	375,000	-	-
06/17/2015-06/30/2019	-	-	-
06/17/2015-06/30/2019	8,200,000	-	-
06/17/2015-06/30/2019	39,990	-	10
06/17/2015-06/30/2019	23,839	-	6,161
06/17/2015-06/30/2019	29,471	-	529
06/17/2015-06/30/2019	15,000	-	-
06/17/2015-06/30/2019	19,938	-	62
06/17/2015-06/30/2021	34,474	65,526	-
06/17/2015-06/30/2019	30,000	-	-
06/17/2015-06/30/2021	-	10,000	-
06/17/2015-06/30/2021	-	15,000	-
06/17/2015-06/30/2021	60,170	4,830	-
06/17/2015-06/30/2019	-	-	10,000
06/17/2015-06/30/2019	10,000	-	-
06/17/2015-06/30/2019	30,000	-	-
06/17/2015-06/30/2019	25,000	-	-
06/17/2015-06/30/2019	25,000	-	-
06/17/2015-06/30/2019	40,050	-	-

See independent auditors' report.

State of New Mexico

Office of the State Engineer / Interstate Stream Commission

Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations

For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
FUND 89200 STB Capital Outlay (Continued)		
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 18	A150646	\$ -
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 19	A150647	40,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 20	A150648	50,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 21	A150649	65,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 22	A150650	100,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 23	A150651	80,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 24	A150652	30,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 25	A150653	65,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 26	A150654	39,000
Laws of 2015 1st SS, Chapter 3, Section 27, Subsection 27	A150655	50,000
Laws of 2015 1st SS, Chapter 3, Section 84	A151083	2,000,000
Laws of 2015 1st SS, Chapter 3, Section 89	A151088	2,000,000
Laws of 2015 1st SS, Chapter 3, Section 90, Subsection 1	A151089	420,000
Laws of 2015 1st SS, Chapter 3, Section 90, Subsection 2	A151090	1,000,000
Laws of 2016, Chapter 81, Section 17, Subsection 1	A16A2241	589,000
Laws of 2016, Chapter 81, Section 17, Subsection 2	A16A2242	550,000
Laws of 2016, Chapter 81, Section 17, Subsection 3	A16A2243	1,000,000
Laws of 2016, Chapter 81, Section 21, Subsection 21	A16A2360	94,000
Laws of 2016, 1st SS, Chapter 1	A16A2646	2,000,000
Laws of 2016, 1st SS, Chapter 1, Section 3F	A16A2656	500,000
Laws of 2016, 1st SS, Chapter 1, Section 3G	A16A2657	500,000
Laws of 2016, Chapter 293, Section A	A16A0002	1,839,703
Laws of 2018, Chapter 293, Section 1A	A18C0002	1,766,385
Laws of 2018, Chapter 80, Section 19	A18C2232	575,600
Laws of 2018, Chapter 80, Section 23	A18C2370	6,175,000
Laws of 2018, Chapter 80, Section 25, Subsection 1	A18C2372	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 3	A18C2374	30,000
Laws of 2018, Chapter 80, Section 25, Subsection 4	A18C2375	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 5	A18C2376	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 6	A18C2377	13,810
Laws of 2018, Chapter 80, Section 25, Subsection 7	A18C2378	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 8	A18C2379	45,000
Laws of 2018, Chapter 80, Section 25, Subsection 9	A18C2380	20,000
Laws of 2018, Chapter 80, Section 25, Subsection 11	A18C2382	10,600
Laws of 2018, Chapter 80, Section 25, Subsection 12	A18C2383	25,000
Laws of 2018, Chapter 80, Section 25, Subsection 13	A18C2384	40,000
Laws of 2018, Chapter 80, Section 25, Subsection 14	A18C2385	40,000

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
06/17/2015-06/30/2019	\$ -	\$ -	\$ -
06/17/2015-06/30/2019	40,000	-	-
06/17/2015-06/30/2021	29,491	20,509	-
06/17/2015-06/30/2019	65,000	-	-
06/17/2015-06/30/2021	100,000	-	-
06/17/2015-06/30/2019	80,000	-	-
06/17/2015-06/30/2019	30,000	-	-
06/17/2015-06/30/2019	65,000	-	-
06/17/2015-06/30/2019	39,000	-	-
06/17/2015-06/30/2019	50,000	-	-
06/17/2015-06/30/2019	2,000,000	-	-
non-reverting	1,745,000	-	255,000
06/17/2015-06/30/2019	420,000	-	-
06/17/2015-06/30/2019	1,000,000	-	-
03/09/2016-06/30/2020	12,090	576,910	-
03/09/2016-06/30/2020	470,488	79,512	-
03/09/2016-06/30/2020	994,978	-	5,022
03/09/2016-06/30/2020	-	-	94,000
03/09/2016-06/30/2020	600,000	-	1,400,000
non-reverting	500,000	-	-
03/09/2016-06/30/2020	500,000	-	-
non-reverting	1,839,703	-	-
non-reverting	1,584,972	-	181,413
06/28/2018-06/30/2022	487	575,113	-
06/28/2018-06/30/2022	-	-	6,175,000
06/28/2018-06/30/2022	-	10,000	-
06/28/2018-06/30/2022	-	30,000	-
06/28/2018-06/30/2022	10,000	-	-
06/28/2018-06/30/2022	-	10,000	-
06/28/2018-06/30/2022	-	13,810	-
06/28/2018-06/30/2022	-	-	10,000
06/28/2018-06/30/2022	-	45,000	-
06/28/2018-06/30/2022	-	-	20,000
06/28/2018-06/30/2022	792	9,808	-
06/28/2018-06/30/2022	-	25,000	-
06/28/2018-06/30/2022	40,000	-	-
06/28/2018-06/30/2022	9,112	30,888	-

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
FUND 89200 STB Capital Outlay (Continued)		
Laws of 2018, Chapter 80, Section 25, Subsection 15	A18C2386	\$ 20,000
Laws of 2018, Chapter 80, Section 25, Subsection 18	A18C2389	25,000
Laws of 2018, Chapter 80, Section 25, Subsection 19	A18C2390	100,000
Laws of 2018, Chapter 80, Section 25, Subsection 20	A18C2391	15,000
Laws of 2018, Chapter 80, Section 25, Subsection 21	A18C2392	20,000
Laws of 2018, Chapter 80, Section 25, Subsection 22	A18C2393	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 23	A18C2394	32,220
Laws of 2018, Chapter 80, Section 25, Subsection 24	A18C2395	50,000
Laws of 2018, Chapter 80, Section 25, Subsection 26	A18C2397	13,000
Laws of 2018, Chapter 80, Section 25, Subsection 28	A18C2399	95,000
Laws of 2018, Chapter 80, Section 25, Subsection 29	A18C2400	148,070
Laws of 2018, Chapter 80, Section 25, Subsection 30	A18C2401	12,000
Laws of 2018, Chapter 80, Section 25, Subsection 31	A18C2402	35,000
Laws of 2018, Chapter 80, Section 25, Subsection 32	A18C2403	10,000
Laws of 2018, Chapter 80, Section 25, Subsection 33	A18C2404	10,000
Laws of 2018, Chapter 80, Section 43, Subsection 1	A18C2721	2,000,000
Laws of 2018, Chapter 80, Section 43, Subsection 2	A18C2722	500,000
Laws of 2018, Chapter 80, Section 45	A18C2724	2,825,000
Laws of 2019, Chapter 277, Section 54, Subsection 1	A19D3554	420,000
Laws of 2019, Chapter 277, Section 54, Subsection 2	A19D3555	4,000,000
Laws of 2019, Chapter 277, Section 54, Subsection 3	A19D3556	1,000,000
Laws of 2019, Chapter 277, Section 71	A19D3580	3,000,000
Total Capital Outlay Appropriations - Fund 89200		\$ 62,219,198

Total unexpended balance

Less: Severance tax bond - revenue accrued on reimbursement basis

Fund Balance after reconciling items

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
06/28/2018-06/30/2022	\$ -	\$ -	\$ 20,000
06/28/2018-06/30/2022	25,000	-	-
06/28/2018-06/30/2022	44,146	55,854	-
06/28/2018-06/30/2022	-	15,000	-
06/28/2018-06/30/2022	12,858	7,142	-
06/28/2018-06/30/2022	-	10,000	-
06/28/2018-06/30/2022	31,941	279	-
06/28/2018-06/30/2022	49,520	480	-
06/28/2018-06/30/2022	-	-	13,000
06/28/2018-06/30/2022	4,596	90,404	-
06/28/2018-06/30/2022	-	-	148,070
06/28/2018-06/30/2022	-	12,000	-
06/28/2018-06/30/2022	35,000	-	-
06/28/2018-06/30/2022	-	10,000	-
06/28/2018-06/30/2022	532	9,468	-
06/28/2018-06/30/2022	1,549,749	450,251	-
06/28/2018-06/30/2022	357,072	117,927	25,001
non-reverting	-	-	2,825,000
06/28/2018-06/30/2023	-	-	420,000
06/28/2018-06/30/2023	-	-	4,000,000
06/28/2018-06/30/2023	-	-	1,000,000
non-reverting	-	-	3,000,000
	\$ 35,549,750	\$ 4,185,512	\$ 22,483,936
			\$ 26,669,448
			(12,925,708)
			\$ 13,743,740

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
FUND 21400 OSE General Fund		
Laws of 2018, Chapter 73, Section 5, Item 70	ZC5570	\$ 3,000,000
Laws of 2018, Chapter 73, Section 5, Item 71	ZC5571	200,000
Laws of 2019, Chapter 271, Section 5, Item 69	ZD5069	50,000
Laws of 2019, Chapter 271, Section 5, Item 70	ZD5070	200,000
Laws of 2019, Chapter 271, Section 5, Item 72	ZD5072	1,070,000
Laws of 2019, Chapter 271, Section 6, Item 22	ZD6022	1,200,000
Laws of 20196, Chapter 278, Section 16A, Item 1	ZD9430	20,000
Laws of 2019, Chapter 278, Section 16A, Item 2	ZD9431	242,000
Total Special Appropriations - Fund 21400		\$ 5,982,000

Total unexpended balance

Fund balance

FUND 20170 Indian Water Rights Settlement

Laws of 2009, Chapter 5, Section 2, Subsection B (11)	A093009	\$ 10,000,000
Laws of 2016, 1st SS, Chapter 1, Section 3F	A16A2656	500,000
Total Special Appropriations - Fund 20170		\$ 10,500,000

Total unexpended balance

Fund balance

FUND 93100 OSE General Fund Capital Outlay

Laws of 2019, Chapter 277, Section 23, Subsection 1	A19D2419	\$ 20,000
Laws of 2019, Chapter 277, Section 23, Subsection 2	A19D2420	1,000,000
Laws of 2019, Chapter 277, Section 23, Subsection 3	A19D2421	1,450,000
Laws of 2019, Chapter 277, Section 23, Subsection 4	A19D2422	200,000
Laws of 2019, Chapter 277, Section 23, Subsection 5	A19D2423	650,000
Laws of 2019, Chapter 277, Section 23, Subsection 6	A19D2424	52,000
Laws of 2019, Chapter 277, Section 23, Subsection 7	A19D2425	80,000
Laws of 2019, Chapter 277, Section 24	A19D2426	12,000,000
Laws of 2019, Chapter 277, Section 25	A19D2427	2,000,000
Laws of 2019, Chapter 277, Section 33, Subsection 1	A19D2733	10,600
Laws of 2019, Chapter 277, Section 33, Subsection 2	A19D2734	49,500
Laws of 2019, Chapter 277, Section 33, Subsection 3	A19D2735	245,000
Laws of 2019, Chapter 277, Section 33, Subsection 4	A19D2736	40,500

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
03/07/2018- 6/30/2019	\$ 2,287,689	\$ -	\$ 712,311
03/07/2018- 6/30/2019	-	-	200,000
07/01/2018- 06/30/2020	-	-	50,000
07/01/2018- 06/30/2020	-	-	200,000
07/01/2018- 06/30/2020	36,556	741,682	291,762
07/01/2018- 06/30/2019	386,745	-	813,255
07/01/2018- 06/30/2020	-	20,000	-
07/01/2018- 06/30/2020	-	91,600	150,400
	\$ 2,710,990	\$ 853,282	\$ 2,417,728
			\$ 3,271,010
			\$ 3,271,010
non-reverting	\$ 9,453,873	\$ 546,127	\$ -
non-reverting	-	-	500,000
	\$ 9,453,873	\$ 546,127	\$ 500,000
			\$ 1,046,127
			\$ 1,046,127
06/28/2018-06/30/2023	\$ -	\$ 20,000	\$ -
06/28/2018-06/30/2023	-	-	1,000,000
06/28/2018-06/30/2023	-	-	1,450,000
06/28/2018-06/30/2023	-	-	200,000
06/28/2018-06/30/2023	-	650,000	-
06/28/2018-06/30/2023	-	52,000	-
06/28/2018-06/30/2023	-	-	80,000
06/28/2018-06/30/2023	-	-	12,000,000
06/28/2018-06/30/2023	-	-	2,000,000
06/28/2018-06/30/2023	-	-	10,600
06/28/2018-06/30/2023	-	-	49,500
06/28/2018-06/30/2021	-	245,000	-
06/28/2018-06/30/2023	-	-	40,500

See independent auditors' report.

State of New Mexico

Office of the State Engineer / Interstate Stream Commission

Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations

For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
FUND 93100 OSE General Fund Capital Outlay (Continued)		
Laws of 2019, Chapter 277, Section 33, Subsection 5	A19D2737	\$ 100,000
Laws of 2019, Chapter 277, Section 33, Subsection 6	A19D2738	20,000
Laws of 2019, Chapter 277, Section 33, Subsection 7	A19D2739	60,200
Laws of 2019, Chapter 277, Section 33, Subsection 8	A19D2740	70,000
Laws of 2019, Chapter 277, Section 33, Subsection 9	A19D2741	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 10	A19D2742	50,000
Laws of 2019, Chapter 277, Section 33, Subsection 11	A19D2743	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 12	A19D2744	8,695
Laws of 2019, Chapter 277, Section 33, Subsection 13	A19D2745	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 14	A19D2746	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 15	A19D2747	127,500
Laws of 2019, Chapter 277, Section 33, Subsection 16	A19D2748	100,000
Laws of 2019, Chapter 277, Section 33, Subsection 17	A19D2749	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 18	A19D2750	75,000
Laws of 2019, Chapter 277, Section 33, Subsection 19	A19D2751	70,000
Laws of 2019, Chapter 277, Section 33, Subsection 20	A19D2752	20,000
Laws of 2019, Chapter 277, Section 33, Subsection 21	A19D2753	75,000
Laws of 2019, Chapter 277, Section 33, Subsection 22	A19D2754	75,000
Laws of 2019, Chapter 277, Section 33, Subsection 23	A19D2755	25,000
Laws of 2019, Chapter 277, Section 33, Subsection 24	A19D2756	50,000
Laws of 2019, Chapter 277, Section 33, Subsection 25	A19D2757	70,000
Laws of 2019, Chapter 277, Section 33, Subsection 26	A19D2758	125,000
Laws of 2019, Chapter 277, Section 33, Subsection 27	A19D2759	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 28	A19D2760	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 29	A19D2761	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 30	A19D2762	100,000
Laws of 2019, Chapter 277, Section 33, Subsection 31	A19D2763	3,321,000
Laws of 2019, Chapter 277, Section 33, Subsection 32	A19D2764	35,000
Laws of 2019, Chapter 277, Section 33, Subsection 33	A19D2765	57,000
Laws of 2019, Chapter 277, Section 33, Subsection 34	A19D2766	10,000
Laws of 2019, Chapter 277, Section 33, Subsection 35	A19D2767	40,000
Laws of 2019, Chapter 277, Section 33, Subsection 36	A19D2768	40,000
Laws of 2019, Chapter 277, Section 33, Subsection 37	A19D2769	15,000
Laws of 2019, Chapter 277, Section 33, Subsection 38	A19D2770	40,000
Laws of 2019, Chapter 277, Section 33, Subsection 39	A19D2771	40,000
Laws of 2019, Chapter 277, Section 33, Subsection 40	A19D2772	30,000
Laws of 2019, Chapter 277, Section 33, Subsection 41	A19D2773	150,000

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
06/28/2018-06/30/2023	\$ -	\$ -	\$ 100,000
06/28/2018-06/30/2023	-	-	20,000
06/28/2018-06/30/2023	-	-	60,200
06/28/2018-06/30/2021	-	70,000	-
06/28/2018-06/30/2023	-	10,000	-
06/28/2018-06/30/2023	-	-	50,000
06/28/2018-06/30/2023	-	10,000	-
06/28/2018-06/30/2023	-	-	8,695
06/28/2018-06/30/2023	-	-	10,000
06/28/2018-06/30/2023	-	-	10,000
06/28/2018-06/30/2023	-	-	127,500
06/28/2018-06/30/2023	-	100,000	-
06/28/2018-06/30/2023	-	-	10,000
06/28/2018-06/30/2023	-	-	75,000
06/28/2018-06/30/2023	-	-	70,000
06/28/2018-06/30/2023	-	-	20,000
06/28/2018-06/30/2023	-	-	75,000
06/28/2018-06/30/2023	-	75,000	-
06/28/2018-06/30/2023	-	-	25,000
06/28/2018-06/30/2023	-	-	50,000
06/28/2018-06/30/2023	-	-	70,000
06/28/2018-06/30/2023	-	-	125,000
06/28/2018-06/30/2023	-	-	10,000
06/28/2018-06/30/2023	-	-	10,000
06/28/2018-06/30/2023	-	10,000	-
06/28/2018-06/30/2023	-	100,000	-
06/28/2018-06/30/2023	-	-	3,321,000
06/28/2018-06/30/2023	-	-	35,000
06/28/2018-06/30/2023	-	-	57,000
06/28/2018-06/30/2021	-	-	10,000
06/28/2018-06/30/2023	-	-	40,000
06/28/2018-06/30/2023	-	-	40,000
06/28/2018-06/30/2023	-	-	15,000
06/28/2018-06/30/2023	-	40,000	-
06/28/2018-06/30/2023	-	-	40,000
06/28/2018-06/30/2023	-	-	30,000
06/28/2018-06/30/2023	-	-	150,000

See independent auditors' report.

State of New Mexico

Office of the State Engineer / Interstate Stream Commission

Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations

For the Year Ended June 30, 2019

Description	SHARE Identifier #	Original Appropriation
FUND 93100 OSE General Fund Capital Outlay (Continued)		
Laws of 2019, Chapter 277, Section 33, Subsection 42	A19D2774	\$ 60,000
Laws of 2019, Chapter 277, Section 33, Subsection 43	A19D2775	33,000
Laws of 2019, Chapter 277, Section 33, Subsection 44	A19D2776	20,000
Laws of 2019, Chapter 277, Section 33, Subsection 45	A19D2777	120,000
Laws of 2019, Chapter 277, Section 33, Subsection 46	A19D2778	19,505
Laws of 2019, Chapter 277, Section 33, Subsection 47	A19D2779	75,000
Laws of 2019, Chapter 277, Section 33, Subsection 48	A19D2780	53,000
Laws of 2019, Chapter 277, Section 33, Subsection 49	A19D2781	133,200
Laws of 2019, Chapter 277, Section 33, Subsection 50	A19D2782	90,000
Laws of 2019, Chapter 277, Section 33, Subsection 51	A19D2783	74,685
Laws of 2019, Chapter 277, Section 33, Subsection 52	A19D2784	35,861
Laws of 2019, Chapter 277, Section 33, Subsection 53	A19D2785	17,945
Laws of 2019, Chapter 277, Section 33, Subsection 54	A19D2786	47,950
Laws of 2019, Chapter 277, Section 33, Subsection 55	A19D2787	27,750
Laws of 2019, Chapter 277, Section 33, Subsection 56	A19D2788	13,135
Laws of 2019, Chapter 277, Section 33, Subsection 57	A19D2789	15,000
Laws of 2019, Chapter 277, Section 33, Subsection 58	A19D2790	100,000
Laws of 2019, Chapter 277, Section 33, Subsection 59	A19D2791	45,000
Laws of 2019, Chapter 277, Section 33, Subsection 60	A19D2792	68,690
Laws of 2019, Chapter 277, Section 33, Subsection 61	A19D2793	100,000
Laws of 2019, Chapter 277, Section 33, Subsection 62	A19D2794	50,000
Laws of 2019, Chapter 277, Section 33, Subsection 63	A19D2795	2,000,000
Laws of 2019, Chapter 277, Section 33, Subsection 64	A19D2796	80,000
Laws of 2019, Chapter 277, Section 33, Subsection 65	A19D2797	37,000
Laws of 2019, Chapter 277, Section 33, Subsection 66	A19D2798	130,000
Laws of 2019, Chapter 277, Section 33, Subsection 67	A19D2799	50,000
Laws of 2019, Chapter 277, Section 33, Subsection 68	A19D2800	110,000
Laws of 2019, Chapter 277, Section 33, Subsection 69	A19D2801	170,000
Laws of 2019, Chapter 277, Section 66	A19D3575	3,000,000
Total Special Appropriations - Fund 93100		\$ 29,653,716
Total unexpended balance		
Appropriation for Indian Water Rights Settlement		
Fund balance		

See independent auditors' report.

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
06/28/2018-06/30/2023	\$ -	\$ 60,000	\$ -
06/28/2018-06/30/2023	-	-	33,000
06/28/2018-06/30/2023	-	-	20,000
06/28/2018-06/30/2023	-	120,000	-
06/28/2018-06/30/2023	-	-	19,505
06/28/2018-06/30/2023	-	75,000	-
06/28/2018-06/30/2023	-	-	53,000
06/28/2018-06/30/2023	-	133,200	-
06/28/2018-06/30/2023	-	-	90,000
06/28/2018-06/30/2023	-	74,685	-
06/28/2018-06/30/2023	-	35,861	-
06/28/2018-06/30/2023	-	-	17,945
06/28/2018-06/30/2023	-	-	47,950
06/28/2018-06/30/2023	-	-	27,750
06/28/2018-06/30/2023	-	-	13,135
06/28/2018-06/30/2023	-	-	15,000
06/28/2018-06/30/2023	-	-	100,000
06/28/2018-06/30/2023	-	45,000	-
06/28/2018-06/30/2023	-	68,690	-
06/28/2018-06/30/2023	-	-	100,000
06/28/2018-06/30/2023	-	-	50,000
06/28/2018-06/30/2023	-	-	2,000,000
06/28/2018-06/30/2021	-	-	80,000
06/28/2018-06/30/2023	-	37,000	-
06/28/2018-06/30/2023	-	130,000	-
06/28/2018-06/30/2023	-	-	50,000
06/28/2018-06/30/2021	-	110,000	-
06/28/2018-06/30/2023	-	-	170,000
non-reverting	-	-	3,000,000
	\$ -	\$ 2,271,436	\$ 27,382,280
			\$ 29,653,716
			(12,000,000)
			\$ 17,653,716

See independent auditors' report.

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Supporting Schedules

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - By Appropriation
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
A150486				
Revenues				
Interagency transfers in	\$ -	\$ 275,000	\$ -	\$ (275,000)
Total revenues	-	275,000	-	(275,000)
Expenditures				
Other costs	-	275,000	-	275,000
Total expenditures	-	275,000	-	275,000
A150635				
Revenues				
Interagency transfers in	-	-	9,612	9,612
Total revenues	-	-	9,612	9,612
Expenditures				
Other costs	75,138	9,612	9,612	-
Total expenditures	75,138	9,612	9,612	-
A150637				
Revenues				
Interagency transfers in	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Other costs	-	-	-	-
Total expenditures	-	-	-	-
A150638				
Revenues				
Interagency transfers in	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Other costs	-	-	-	-
Total expenditures	-	-	-	-

(Continued on the following page)

See independent auditors' report.

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - By Appropriation
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	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A150639				
Revenues				
Interagency transfers in	\$ -	\$ -	\$ 60,170	\$ 60,170
Total revenues	-	-	60,170	60,170
Expenditures				
Other costs	65,000	60,170	60,170	-
Total expenditures	65,000	60,170	60,170	-
A150648				
Revenues				
Interagency transfers in	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Other costs	-	-	-	-
Total expenditures	-	-	-	-
A151088				
Revenues				
Interagency transfers in	-	-	255,000	255,000
Total revenues	-	-	255,000	255,000
Expenditures				
Other costs	-	-	-	-
Interagency transfers out	2,000,000	255,000	255,000	-
Total expenditures	2,000,000	255,000	255,000	-
A16A2656				
Revenues				
Interagency transfers in	-	500,000	500,000	-
Interfund transfers in	-	-	500,000	500,000
Total revenues	-	500,000	1,000,000	500,000
Expenditures				
Interfund transfers out	-	500,000	500,000	-
Total expenditures	-	500,000	500,000	-

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	Budgeted Amounts		Actual	Variances
	Original	Final		(Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C0002				
Revenues				
Interagency transfers in	\$ -	\$ 1,766,385	\$ 1,766,385	\$ -
Total revenues	-	1,766,385	1,766,385	-
Expenditures				
Interfund transfers out	-	1,766,385	353,277	1,413,108
Total expenditures	-	1,766,385	353,277	1,413,108
A18C2232				
Revenues				
Interagency transfers in	-	575,600	487	(575,113)
Total revenues	-	575,600	487	(575,113)
Expenditures				
Other costs	-	575,600	487	575,113
Total expenditures	-	575,600	487	575,113
A18C2370				
Revenues				
Interagency transfers in	-	6,175,000	6,175,000	-
Total revenues	-	6,175,000	6,175,000	-
Expenditures				
Other costs	-	6,175,000	-	6,175,000
Total expenditures	-	6,175,000	-	6,175,000
A18C2372				
Revenues				
Interagency transfers in	-	10,000	-	(10,000)
Total revenues	-	10,000	-	(10,000)
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2375				
Revenues				
Interagency transfers in	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	10,000	-
Total expenditures	-	10,000	10,000	-
A18C2376				
Revenues				
Interagency transfers in	-	10,000	-	(10,000)
Total revenues	-	10,000	-	(10,000)
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A18C2379				
Revenues				
Interagency transfers in	-	45,000	-	(45,000)
Total revenues	-	45,000	-	(45,000)
Expenditures				
Other costs	-	45,000	-	45,000
Total expenditures	-	45,000	-	45,000
A18C2382				
Revenues				
Interagency transfers in	-	10,600	792	(9,808)
Total revenues	-	10,600	792	(9,808)
Expenditures				
Other costs	-	10,600	792	9,808
Total expenditures	-	10,600	792	9,808

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2383				
Revenues				
Interagency transfers in	\$ -	\$ 25,000	\$ -	\$ (25,000)
Total revenues	-	25,000	-	(25,000)
Expenditures				
Other costs	-	25,000	-	25,000
Total expenditures	-	25,000	-	25,000
A18C2384				
Revenues				
Interagency transfers in	-	40,000	40,000	-
Total revenues	-	40,000	40,000	-
Expenditures				
Other costs	-	40,000	40,000	-
Total expenditures	-	40,000	40,000	-
A18C2385				
Revenues				
Interagency transfers in	-	40,000	3,030	(36,970)
Total revenues	-	40,000	3,030	(36,970)
Expenditures				
Other costs	-	40,000	3,030	36,970
Total expenditures	-	40,000	3,030	36,970
A18C2389				
Revenues				
Interagency transfers in	-	25,000	25,000	-
Total revenues	-	25,000	25,000	-
Expenditures				
Other costs	-	25,000	25,000	-
Total expenditures	-	25,000	25,000	-

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2390				
Revenues				
Interagency transfers in	\$ -	\$ 100,000	\$ 44,146	\$ (55,854)
Total revenues	-	100,000	44,146	(55,854)
Expenditures				
Other costs	-	100,000	44,146	55,854
Total expenditures	-	100,000	44,146	55,854
A18C2391				
Revenues				
Interagency transfers in	-	15,000	-	(15,000)
Total revenues	-	15,000	-	(15,000)
Expenditures				
Other costs	-	15,000	-	15,000
Total expenditures	-	15,000	-	15,000
A18C2392				
Revenues				
Interagency transfers in	-	20,000	12,858	(7,142)
Total revenues	-	20,000	12,858	(7,142)
Expenditures				
Other costs	-	20,000	12,858	7,142
Total expenditures	-	20,000	12,858	7,142
A18C2393				
Revenues				
Interagency transfers in	-	10,000	-	(10,000)
Total revenues	-	10,000	-	(10,000)
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		(Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2394				
Revenues				
Interagency transfers in	\$ -	\$ 32,220	\$ 31,941	\$ (279)
Total revenues	-	32,220	31,941	(279)
Expenditures				
Other costs	-	32,220	31,941	279
Total expenditures	-	32,220	31,941	279
A18C2395				
Revenues				
Interagency transfers in	-	50,000	17,657	(32,343)
Total revenues	-	50,000	17,657	(32,343)
Expenditures				
Other costs	-	50,000	17,657	32,343
Total expenditures	-	50,000	17,657	32,343
A18C2397				
Revenues				
Interagency transfers in	-	13,000	-	(13,000)
Total revenues	-	13,000	-	(13,000)
Expenditures				
Other costs	-	13,000	-	13,000
Total expenditures	-	13,000	-	13,000
A18C2399				
Revenues				
Interagency transfers in	-	95,000	4,596	(90,404)
Total revenues	-	95,000	4,596	(90,404)
Expenditures				
Other costs	-	95,000	4,596	90,404
Total expenditures	-	95,000	4,596	90,404

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2401				
Revenues				
Interagency transfers in	\$ -	\$ 12,000	\$ 4,596	\$ (7,404)
Total revenues	-	12,000	4,596	(7,404)
Expenditures				
Other costs	-	12,000	-	12,000
Total expenditures	-	12,000	-	12,000
A18C2402				
Revenues				
Interagency transfers in	-	35,000	35,000	-
Total revenues	-	35,000	35,000	-
Expenditures				
Other costs	-	35,000	35,000	-
Total expenditures	-	35,000	35,000	-
A18C2403				
Revenues				
Interagency transfers in	-	10,000	-	(10,000)
Total revenues	-	10,000	-	(10,000)
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A18C2404				
Revenues				
Interagency transfers in	-	10,000	532	(9,468)
Total revenues	-	10,000	532	(9,468)
Expenditures				
Other costs	-	10,000	532	9,468
Total expenditures	-	10,000	532	9,468

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A18C2721				
Revenues				
Interagency transfers in	\$ -	\$ 2,000,000	\$ 274,594	\$ (1,725,406)
Total revenues	-	2,000,000	274,594	(1,725,406)
Expenditures				
Other costs	-	2,000,000	1,549,749	450,251
Total expenditures	-	2,000,000	1,549,749	450,251
A18C2722				
Revenues				
Interagency transfers in	-	500,000	357,073	(142,927)
Total revenues	-	500,000	357,073	(142,927)
Expenditures				
Contractual Services	-	35,000	-	35,000
Other costs	-	465,000	357,073	107,927
Total expenditures	-	500,000	357,073	142,927
A18C2724				
Revenues				
Interagency transfers in	-	2,825,000	2,825,000	-
Total revenues	-	2,825,000	2,825,000	-
Expenditures				
Other costs	-	2,825,000	2,825,000	-
Total expenditures	-	2,825,000	2,825,000	-
A19D2419				
Revenues				
State General Fund appropriation	-	20,000	20,000	-
Total revenues	-	20,000	20,000	-
Expenditures				
Other costs	-	20,000	-	20,000
Total expenditures	-	20,000	-	20,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2420				
Revenues				
State General Fund appropriation	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Total revenues	-	1,000,000	1,000,000	-
Expenditures				
Other costs	-	1,000,000	-	1,000,000
Total expenditures	-	1,000,000	-	1,000,000
A19D2421				
Revenues				
State General Fund appropriation	-	1,450,000	1,450,000	-
Total revenues	-	1,450,000	1,450,000	-
Expenditures				
Other costs	-	1,450,000	-	1,450,000
Total expenditures	-	1,450,000	-	1,450,000
A19D2422				
Revenues				
State General Fund appropriation	-	200,000	200,000	-
Total revenues	-	200,000	200,000	-
Expenditures				
Contractual Services	-	100,000	-	100,000
Other costs	-	100,000	-	100,000
Total expenditures	-	200,000	-	200,000
A19D2423				
Revenues				
State General Fund appropriation	-	650,000	650,000	-
Total revenues	-	650,000	650,000	-
Expenditures				
Other costs	-	650,000	-	650,000
Total expenditures	-	650,000	-	650,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2424				
Revenues				
State General Fund appropriation	\$ -	\$ 52,000	\$ 52,000	\$ -
Total revenues	-	52,000	52,000	-
Expenditures				
Other costs	-	52,000	-	52,000
Total expenditures	-	52,000	-	52,000
A19D2425				
Revenues				
State General Fund appropriation	-	80,000	80,000	-
Total revenues	-	80,000	80,000	-
Expenditures				
Other costs	-	80,000	-	80,000
Total expenditures	-	80,000	-	80,000
A19D2427				
Revenues				
State General Fund appropriation	-	2,000,000	2,000,000	-
Total revenues	-	2,000,000	2,000,000	-
Expenditures				
Other costs	-	2,000,000	-	2,000,000
Total expenditures	-	2,000,000	-	2,000,000
A19D2733				
Revenues				
State General Fund appropriation	-	10,600	10,600	-
Total revenues	-	10,600	10,600	-
Expenditures				
Other costs	-	10,600	-	10,600
Total expenditures	-	10,600	-	10,600

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2734				
Revenues				
State General Fund appropriation	\$ -	\$ 49,500	\$ 49,500	\$ -
Total revenues	-	49,500	49,500	-
Expenditures				
Other costs	-	49,500	-	49,500
Total expenditures	-	49,500	-	49,500
A19D2735				
Revenues				
State General Fund appropriation	-	245,000	245,000	-
Total revenues	-	245,000	245,000	-
Expenditures				
Other costs	-	245,000	-	245,000
Total expenditures	-	245,000	-	245,000
A19D2736				
Revenues				
State General Fund appropriation	-	40,500	40,500	-
Total revenues	-	40,500	40,500	-
Expenditures				
Other costs	-	40,500	-	40,500
Total expenditures	-	40,500	-	40,500
A19D2737				
Revenues				
State General Fund appropriation	-	100,000	100,000	-
Total revenues	-	100,000	100,000	-
Expenditures				
Other costs	-	100,000	-	100,000
Total expenditures	-	100,000	-	100,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2738				
Revenues				
State General Fund appropriation	\$ -	\$ 20,000	\$ 20,000	\$ -
Total revenues	-	20,000	20,000	-
Expenditures				
Other costs	-	20,000	-	20,000
Total expenditures	-	20,000	-	20,000
A19D2739				
Revenues				
State General Fund appropriation	-	60,200	60,200	-
Total revenues	-	60,200	60,200	-
Expenditures				
Other costs	-	60,200	-	60,200
Total expenditures	-	60,200	-	60,200
A19D2740				
Revenues				
State General Fund appropriation	-	70,000	70,000	-
Total revenues	-	70,000	70,000	-
Expenditures				
Other costs	-	70,000	-	70,000
Total expenditures	-	70,000	-	70,000
A19D2741				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2742				
Revenues				
State General Fund appropriation	\$ -	\$ 50,000	\$ 50,000	\$ -
Total revenues	-	50,000	50,000	-
Expenditures				
Other costs	-	50,000	-	50,000
Total expenditures	-	50,000	-	50,000
A19D2743				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A19D2744				
Revenues				
State General Fund appropriation	-	8,695	8,695	-
Total revenues	-	8,695	8,695	-
Expenditures				
Other costs	-	8,695	-	8,695
Total expenditures	-	8,695	-	8,695
A19D2745				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2746				
Revenues				
State General Fund appropriation	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A19D2747				
Revenues				
State General Fund appropriation	-	127,500	127,500	-
Total revenues	-	127,500	127,500	-
Expenditures				
Other costs	-	127,500	-	127,500
Total expenditures	-	127,500	-	127,500
A19D2748				
Revenues				
State General Fund appropriation	-	100,000	100,000	-
Total revenues	-	100,000	100,000	-
Expenditures				
Other costs	-	100,000	-	100,000
Total expenditures	-	100,000	-	100,000
A19D2749				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2750				
Revenues				
State General Fund appropriation	\$ -	\$ 75,000	\$ 75,000	\$ -
Total revenues	-	75,000	75,000	-
Expenditures				
Other costs	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
A19D2751				
Revenues				
State General Fund appropriation	-	70,000	70,000	-
Total revenues	-	70,000	70,000	-
Expenditures				
Other costs	-	70,000	-	70,000
Total expenditures	-	70,000	-	70,000
A19D2752				
Revenues				
State General Fund appropriation	-	20,000	20,000	-
Total revenues	-	20,000	20,000	-
Expenditures				
Other costs	-	20,000	-	20,000
Total expenditures	-	20,000	-	20,000
A19D2753				
Revenues				
State General Fund appropriation	-	75,000	75,000	-
Total revenues	-	75,000	75,000	-
Expenditures				
Other costs	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2754				
Revenues				
State General Fund appropriation	\$ -	\$ 75,000	\$ 75,000	\$ -
Total revenues	-	75,000	75,000	-
Expenditures				
Other costs	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
A19D2755				
Revenues				
State General Fund appropriation	-	25,000	25,000	-
Total revenues	-	25,000	25,000	-
Expenditures				
Other costs	-	25,000	-	25,000
Total expenditures	-	25,000	-	25,000
A19D2756				
Revenues				
State General Fund appropriation	-	50,000	50,000	-
Total revenues	-	50,000	50,000	-
Expenditures				
Other costs	-	50,000	-	50,000
Total expenditures	-	50,000	-	50,000
A19D2757				
Revenues				
State General Fund appropriation	-	70,000	70,000	-
Total revenues	-	70,000	70,000	-
Expenditures				
Other costs	-	70,000	-	70,000
Total expenditures	-	70,000	-	70,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2758				
Revenues				
State General Fund appropriation	\$ -	\$ 125,000	\$ 125,000	\$ -
Total revenues	-	125,000	125,000	-
Expenditures				
Other costs	-	125,000	-	125,000
Total expenditures	-	125,000	-	125,000
A19D2759				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A19D2760				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A19D2761				
Revenues				
State General Fund appropriation	-	10,000	10,000	-
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2762				
Revenues				
State General Fund appropriation	\$ -	\$ 100,000	\$ 100,000	\$ -
Total revenues	-	100,000	100,000	-
Expenditures				
Other costs	-	100,000	-	100,000
Total expenditures	-	100,000	-	100,000
A19D2763				
Revenues				
State General Fund appropriation	-	3,321,000	3,321,000	-
Total revenues	-	3,321,000	3,321,000	-
Expenditures				
Other costs	-	3,321,000	-	3,321,000
Total expenditures	-	3,321,000	-	3,321,000
A19D2764				
Revenues				
State General Fund appropriation	-	35,000	35,000	-
Total revenues	-	35,000	35,000	-
Expenditures				
Other costs	-	35,000	-	35,000
Total expenditures	-	35,000	-	35,000
A19D2765				
Revenues				
State General Fund appropriation	-	57,000	57,000	-
Total revenues	-	57,000	57,000	-
Expenditures				
Other costs	-	57,000	-	57,000
Total expenditures	-	57,000	-	57,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2766				
Revenues				
State General Fund appropriation	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	-	10,000	10,000	-
Expenditures				
Other costs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
A19D2767				
Revenues				
State General Fund appropriation	-	40,000	40,000	-
Total revenues	-	40,000	40,000	-
Expenditures				
Other costs	-	40,000	-	40,000
Total expenditures	-	40,000	-	40,000
A19D2768				
Revenues				
State General Fund appropriation	-	40,000	40,000	-
Total revenues	-	40,000	40,000	-
Expenditures				
Other costs	-	40,000	-	40,000
Total expenditures	-	40,000	-	40,000
A19D2769				
Revenues				
State General Fund appropriation	-	15,000	15,000	-
Total revenues	-	15,000	15,000	-
Expenditures				
Other costs	-	15,000	-	15,000
Total expenditures	-	15,000	-	15,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2770				
Revenues				
State General Fund appropriation	\$ -	\$ 40,000	\$ 40,000	\$ -
Total revenues	-	40,000	40,000	-
Expenditures				
Other costs	-	40,000	-	40,000
Total expenditures	-	40,000	-	40,000
A19D2771				
Revenues				
State General Fund appropriation	-	40,000	40,000	-
Total revenues	-	40,000	40,000	-
Expenditures				
Other costs	-	40,000	-	40,000
Total expenditures	-	40,000	-	40,000
A19D2772				
Revenues				
State General Fund appropriation	-	30,000	30,000	-
Total revenues	-	30,000	30,000	-
Expenditures				
Other costs	-	30,000	-	30,000
Total expenditures	-	30,000	-	30,000
A19D2773				
Revenues				
State General Fund appropriation	-	150,000	150,000	-
Total revenues	-	150,000	150,000	-
Expenditures				
Other costs	-	150,000	-	150,000
Total expenditures	-	150,000	-	150,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2774				
Revenues				
State General Fund appropriation	\$ -	\$ 60,000	\$ 60,000	\$ -
Total revenues	-	60,000	60,000	-
Expenditures				
Other costs	-	60,000	-	60,000
Total expenditures	-	60,000	-	60,000
A19D2775				
Revenues				
State General Fund appropriation	-	33,000	33,000	-
Total revenues	-	33,000	33,000	-
Expenditures				
Other costs	-	33,000	-	33,000
Total expenditures	-	33,000	-	33,000
A19D2776				
Revenues				
State General Fund appropriation	-	20,000	20,000	-
Total revenues	-	20,000	20,000	-
Expenditures				
Other costs	-	20,000	-	20,000
Total expenditures	-	20,000	-	20,000
A19D2777				
Revenues				
State General Fund appropriation	-	120,000	120,000	-
Total revenues	-	120,000	120,000	-
Expenditures				
Other costs	-	120,000	-	120,000
Total expenditures	-	120,000	-	120,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2778				
Revenues				
State General Fund appropriation	\$ -	\$ 19,505	\$ 19,505	\$ -
Total revenues	-	19,505	19,505	-
Expenditures				
Other costs	-	19,505	-	19,505
Total expenditures	-	19,505	-	19,505
A19D2779				
Revenues				
State General Fund appropriation	-	75,000	75,000	-
Total revenues	-	75,000	75,000	-
Expenditures				
Other costs	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
A19D2780				
Revenues				
State General Fund appropriation	-	53,000	53,000	-
Total revenues	-	53,000	53,000	-
Expenditures				
Other costs	-	53,000	-	53,000
Total expenditures	-	53,000	-	53,000
A19D2781				
Revenues				
State General Fund appropriation	-	133,200	133,200	-
Total revenues	-	133,200	133,200	-
Expenditures				
Other costs	-	133,200	-	133,200
Total expenditures	-	133,200	-	133,200

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2782				
Revenues				
State General Fund appropriation	\$ -	\$ 90,000	\$ 90,000	\$ -
Total revenues	-	90,000	90,000	-
Expenditures				
Other costs	-	90,000	-	90,000
Total expenditures	-	90,000	-	90,000
A19D2783				
Revenues				
State General Fund appropriation	-	74,685	74,685	-
Total revenues	-	74,685	74,685	-
Expenditures				
Other costs	-	74,685	-	74,685
Total expenditures	-	74,685	-	74,685
A19D2784				
Revenues				
State General Fund appropriation	-	35,861	35,861	-
Total revenues	-	35,861	35,861	-
Expenditures				
Other costs	-	35,861	-	35,861
Total expenditures	-	35,861	-	35,861
A19D2785				
Revenues				
State General Fund appropriation	-	17,945	17,945	-
Total revenues	-	17,945	17,945	-
Expenditures				
Other costs	-	17,945	-	17,945
Total expenditures	-	17,945	-	17,945

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2786				
Revenues				
State General Fund appropriation	\$ -	\$ 47,950	\$ 47,950	\$ -
Total revenues	-	47,950	47,950	-
Expenditures				
Other costs	-	47,950	-	47,950
Total expenditures	-	47,950	-	47,950
A19D2787				
Revenues				
State General Fund appropriation	-	27,750	27,750	-
Total revenues	-	27,750	27,750	-
Expenditures				
Other costs	-	27,750	-	27,750
Total expenditures	-	27,750	-	27,750
A19D2788				
Revenues				
State General Fund appropriation	-	13,135	13,135	-
Total revenues	-	13,135	13,135	-
Expenditures				
Other costs	-	13,135	-	13,135
Total expenditures	-	13,135	-	13,135
A19D2789				
Revenues				
State General Fund appropriation	-	15,000	15,000	-
Total revenues	-	15,000	15,000	-
Expenditures				
Other costs	-	15,000	-	15,000
Total expenditures	-	15,000	-	15,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2790				
Revenues				
State General Fund appropriation	\$ -	\$ 100,000	\$ 100,000	\$ -
Total revenues	-	100,000	100,000	-
Expenditures				
Other costs	-	100,000	-	100,000
Total expenditures	-	100,000	-	100,000
A19D2791				
Revenues				
State General Fund appropriation	-	45,000	45,000	-
Total revenues	-	45,000	45,000	-
Expenditures				
Other costs	-	45,000	-	45,000
Total expenditures	-	45,000	-	45,000
A19D2792				
Revenues				
State General Fund appropriation	-	68,690	68,690	-
Total revenues	-	68,690	68,690	-
Expenditures				
Other costs	-	68,690	-	68,690
Total expenditures	-	68,690	-	68,690
A19D2793				
Revenues				
State General Fund appropriation	-	100,000	100,000	-
Total revenues	-	100,000	100,000	-
Expenditures				
Other costs	-	100,000	-	100,000
Total expenditures	-	100,000	-	100,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D2794				
Revenues				
State General Fund appropriation	\$ -	\$ 50,000	\$ 50,000	\$ -
Total revenues	-	50,000	50,000	-
Expenditures				
Other costs	-	50,000	-	50,000
Total expenditures	-	50,000	-	50,000
A19D2795				
Revenues				
State General Fund appropriation	-	2,000,000	2,000,000	-
Total revenues	-	2,000,000	2,000,000	-
Expenditures				
Other costs	-	2,000,000	-	2,000,000
Total expenditures	-	2,000,000	-	2,000,000
A19D2796				
Revenues				
State General Fund appropriation	-	80,000	80,000	-
Total revenues	-	80,000	80,000	-
Expenditures				
Other costs	-	80,000	-	80,000
Total expenditures	-	80,000	-	80,000
A19D2797				
Revenues				
State General Fund appropriation	-	37,000	37,000	-
Total revenues	-	37,000	37,000	-
Expenditures				
Other costs	-	37,000	-	37,000
Total expenditures	-	37,000	-	37,000

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	Original	Final		(Unfavorable) Favorable Final to Actual
<i>(Continued)</i>				
A19D2798				
Revenues				
State General Fund appropriation	\$ -	\$ 130,000	\$ 130,000	\$ -
Total revenues	-	130,000	130,000	-
Expenditures				
Other costs	-	130,000	-	130,000
Total expenditures	-	130,000	-	130,000
A19D2799				
Revenues				
State General Fund appropriation	-	50,000	50,000	-
Total revenues	-	50,000	50,000	-
Expenditures				
Other costs	-	50,000	-	50,000
Total expenditures	-	50,000	-	50,000
A19D2800				
Revenues				
State General Fund appropriation	-	110,000	110,000	-
Total revenues	-	110,000	110,000	-
Expenditures				
Other costs	-	110,000	-	110,000
Total expenditures	-	110,000	-	110,000
A19D2801				
Revenues				
State General Fund appropriation	-	170,000	170,000	-
Total revenues	-	170,000	170,000	-
Expenditures				
Other costs	-	170,000	-	170,000
Total expenditures	-	170,000	-	170,000

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	Budgeted Amounts		Actual	Variances
	Original	Final		(Unfavorable) Final to Actual
<i>(Continued)</i>				
A19D3575				
Revenues				
State General Fund appropriation	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
Total revenues	-	3,000,000	3,000,000	-
Expenditures				
Other costs	-	3,000,000	-	3,000,000
Total expenditures	-	3,000,000	-	3,000,000
P551				
Revenues				
Other Gifts-Grants-Interagency	-	-	77,305	77,305
Interfund transfers in	1,992,200	1,992,200	1,157,406	(834,794)
Interagency transfers in	190,400	190,400	190,400	-
State General Fund appropriation	11,436,900	11,436,900	11,436,900	-
Miscellaneous income	631,000	631,000	522,166	(108,834)
Land rental or lease income	442,400	442,400	-	(442,400)
Interest on loans	30,600	30,600	-	(30,600)
Investment income	1,519,200	1,519,200	-	(1,519,200)
Federal sources	-	390,423	64,294	(326,129)
Total revenues	16,242,700	16,633,123	13,448,471	(3,184,652)
Expenditures				
Personal Services & Fee Benefit	12,290,100	11,916,844	11,318,818	598,026
Contractual Services	624,700	948,765	441,531	507,234
Other Cost	1,335,700	1,775,314	1,567,651	207,663
Interfund transfers out	1,992,200	1,992,200	1,009,806	982,394
Total expenditures	16,242,700	16,633,123	14,337,806	2,295,317

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	Original	Final		
<i>(Continued)</i>				
P552				
Revenues				
Miscellaneous income	\$ 124,800	\$ 124,800	\$ 1,277,807	\$ 1,153,007
Restricted fund balance	8,327,100	9,287,100	-	(9,287,100)
Interfund transfers in	10,477,400	11,437,400	7,357,318	(4,080,082)
Interagency transfers in	26,400	26,400	208,700	182,300
State General Fund appropriation	1,583,500	1,583,500	1,583,500	-
Land rental or lease income	58,700	58,700	-	(58,700)
Investment income	2,652,700	2,652,700	766,323	(1,886,377)
Federal sources	192,400	442,400	69,088	(373,312)
Total revenues	23,443,000	25,613,000	11,262,736	(14,350,264)
Expenditures				
Personal Services & Fee Benefit	3,895,900	3,895,900	3,368,587	527,313
Contractual Services	4,874,300	6,214,300	3,830,117	2,384,183
Other Cost	4,377,700	4,247,700	2,810,903	1,436,797
Interfund transfers out	10,295,100	11,255,100	7,504,918	3,750,182
Total expenditures	23,443,000	25,613,000	17,514,525	8,098,475
P553				
Revenues				
Miscellaneous income	1,118,500	1,118,500	402,066	(716,434)
Restricted fund balance	1,449,000	1,449,000	-	(1,449,000)
Interfund transfers in	3,161,700	3,161,700	2,067,077	(1,094,623)
Interagency transfers in	15,900	15,900	15,900	-
State General Fund appropriation	1,957,200	1,957,200	1,957,200	-
Investment income	2,547,800	2,547,800	-	(2,547,800)
Total revenues	10,250,100	10,250,100	4,442,243	(5,807,857)
Expenditures				
Personal Services & Fee Benefit	4,715,900	4,390,900	4,116,405	274,495
Contractual Services	1,735,800	1,835,800	1,270,390	565,410
Other Cost	336,000	561,000	436,649	124,351
Interfund transfers out	3,462,400	3,462,400	2,147,077	1,315,323
Total expenditures	10,250,100	10,250,100	7,970,521	2,279,579

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
P554				
Revenues				
Miscellaneous income	\$ -	\$ -	\$ 247	\$ 247
Restricted fund balance	200,000	200,000	-	(200,000)
Interfund transfers in	1,009,100	1,009,100	491,696	(517,404)
Interagency transfers in	55,400	55,400	55,400	-
State General Fund appropriation	3,330,100	3,330,100	3,330,100	-
Land rental or lease income	42,200	42,200	-	(42,200)
Interest on loans	3,800	3,800	-	(3,800)
Investment income	763,100	763,100	-	(763,100)
Total revenues	5,403,700	5,403,700	3,877,443	(1,526,257)
Expenditures				
Personal Services & Fee Benefit	3,356,000	3,016,000	2,874,817	141,183
Contractual Services	241,000	326,000	198,411	127,589
Other Cost	797,600	1,052,600	977,926	74,674
Interfund transfers out	1,009,100	1,009,100	491,696	517,404
Total expenditures	5,403,700	5,403,700	4,542,850	860,850
ZC5570				
Revenues				
State General Fund appropriation	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Personal Services & Fee Benefit	92,000	92,000	92,000	-
Contractual Services	2,868,000	2,843,000	2,138,238	704,762
Other costs	40,000	65,000	53,381	11,619
Total expenditures	3,000,000	3,000,000	2,283,619	716,381

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
ZD5069				
Revenues				
State General Fund appropriation	\$ -	\$ 50,000	\$ 50,000	\$ -
Total revenues	-	50,000	50,000	-
Expenditures				
Contractual Services		40,000	-	40,000
Other costs	-	10,000	-	10,000
Total expenditures	-	50,000	-	50,000
ZD5070				
Revenues				
State General Fund appropriation	-	200,000	200,000	-
Total revenues	-	200,000	200,000	-
Expenditures				
Contractual Services		195,000	-	195,000
Other costs	-	5,000	-	5,000
Total expenditures	-	200,000	-	200,000
ZD5071				
Revenues				
State General Fund appropriation	-	350,000	-	(350,000)
Total revenues	-	350,000	-	(350,000)
Expenditures				
Contractual Services		350,000		350,000
Total expenditures	-	350,000	-	350,000

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	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
ZD5072				
Revenues				
State General Fund appropriation	\$ -	\$ 1,070,000	\$ 1,070,000	\$ -
Total revenues	-	1,070,000	1,070,000	-
Expenditures				
Contractual Services		1,070,000	1,070,000	-
Total expenditures	-	1,070,000	1,070,000	-
ZD6022				
Revenues				
State General Fund appropriation	-	1,200,000	1,200,000	-
Total revenues	-	1,200,000	1,200,000	-
Expenditures				
Contractual Services		1,200,000	386,745	813,255
Total expenditures	-	1,200,000	386,745	813,255
ZD9430				
Revenues				
State General Fund appropriation	-	20,000	20,000	-
Total revenues	-	20,000	20,000	-
Expenditures				
Other costs		20,000	-	20,000
Total expenditures	-	20,000	-	20,000
ZD9431				
Revenues				
State General Fund appropriation	-	242,000	242,000	-
Total revenues	-	242,000	242,000	-
Expenditures				
Other costs		242,000	-	242,000
Total expenditures	-	242,000	-	242,000

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	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>(Continued)</i>				
Summary				
Total revenues	\$ 55,339,500	\$ 93,920,444	\$ 66,420,078	\$ (27,500,366)
Total expenditures	60,479,638	97,245,226	54,241,986	43,003,240
Excess (deficiency) of revenues over expenditures	(5,140,138)	(3,324,782)	12,178,092	(70,503,606)
Less reversion to State General Fund	-	-	(2,010,550)	2,010,550
Less reversion to Department of Game and Fish	-	-	(76,770)	76,770
Net change in fund balance	\$ (5,140,138)	\$ (3,324,782)	\$ 10,090,772	\$ (68,416,286)
				<i>(Concluded)</i>

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., New Mexico State Auditor
John R. D'Antonio, Jr., P.E., New Mexico State Engineer
Office of the State Engineer/Interstate Stream Commission
Santa Fe, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds with legally adopted budgets of the New Mexico Office of the State Engineer/Interstate Stream Commission (the "Agency") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 30, 2019

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Schedule of Findings and Responses
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS

None noted.

SECTION IV – PRIOR YEAR AUDIT FINDINGS

FS 2018-001: Maintenance of Capital Asset Listing (Significant deficiency) – Resolved

NM 2018-001: Maintenance of Loan Receivables Agreements and Amounts (Finding that did not rise to the level of a significant deficiency) – Resolved

State of New Mexico
Office of the State Engineer / Interstate Stream Commission
Other Disclosures
June 30, 2019

EXIT CONFERENCE

An exit conference was held on October 24, 2019. The following individuals were in attendance.

Representing New Mexico Office of the State Engineer/Interstate Stream Commission:

John R. D'Antonio, Jr., PE	State Engineer
Jeff Primm	Director, Program Support
Jennifer N. Baca, CGFM, CFE	Chief Financial Officer
Monica Trujillo (on phone)	Water Rights Allocation Program Manager

Representing Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Sara Specht, CFE (on phone)	Supervising Senior

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the Agency from the original books and records provided to them by the management of the Agency. The responsibility for the financial statements remains with the Agency.