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STATEMENT ON RELEASE OF FISCAL YEAR 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2018

The Office of the State Auditor has released the State of New Mexico's FY 2018 Comprehensive Annual Financial Report (CAFR) audit. The CAFR presents the State of New Mexico as an integrated financial entity, consisting of over 130 agencies under each of the three branches of government (Executive, Judicial, and Legislative), 10 higher educational institutions and over 100 component units which include the finance authorities, the lottery, foundations of aforementioned higher educational institutions, and numerous state authorized charter schools and their related foundations. The CAFR is the culmination of seven months of extensive work by the State's Financial Reporting and Accountability Bureau within the Financial Control Division of the Department of Finance and Administration (DFA).

Under the Audit Act (NMSA 12.6.3) and related rule, the financial affairs of every state agency must be audited, which translates to the production and audit of financial statements for every agency. These audited statements are then combined into one financial report resulting in the CAFR, which undergoes its own separate audit. An important aspect to the CAFR audit is the reliance upon the underlying financial audit opinions expressed at the agency level. Under this approach, the final assembly of the CAFR can only occur upon completion of each of the underlying agency audits, and the failure of these underlying audits to be submitted in a timely manner contributes to the annual delay in the filing of the CAFR.

DFA remains committed to the production of a timely CAFR and actions taken to automate and expedite the CAFR have resulted in the release of the report one month earlier than in any previous year. Significant improvements in controls, processes and financial reporting achieved over the preceding five years currently allows for the production of a reliable and auditable CAFR. These enhancements have greatly improved the quality of the CAFR and led to the audit not having a disclaimed opinion for the first time in the history of the CAFR being audited.

DFA strives to provide ongoing financial guidance and support to agencies as well as continuous process improvements that result in overall positive outcomes of the CAFR report. Plans are in the works to extend new statewide training initiatives to Chief Financial Officers (CFOs) in order to enhance training opportunities of existing Model Accounting Principles (MAPs) and improve consistency in reporting. Additionally, efforts to improve collaboration and communication among DFA Financial Control Division/CAFR unit, the Office of the State Auditor and all entities will be implemented.