

**STATE OF NEW MEXICO**  
**COMPREHENSIVE**  
**ANNUAL FINANCIAL**  
**REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**



**SUSANA MARTINEZ, GOVERNOR**

**DOROTHY E. RODRIGUEZ**  
**ACTING CABINET SECRETARY**

**RONALD C. SPILMAN**  
**STATE CONTROLLER**

# STATE OF NEW MEXICO

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# INTRODUCTORY SECTION



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**STATE OF NEW MEXICO**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**FINANCIAL CONTROL DIVISION**  
**407 GALISTEO STREET**  
**BATAAN MEMORIAL BUILDING, ROOM 166**  
**SANTA FE, NEW MEXICO 87501**  
**(505) 827-3681 FAX (505) 827-3692**

*Susana Martinez*  
Governor

*Dorothy E. Rodriguez*  
Acting Cabinet Secretary

*Ronald C. Spilman*  
State Controller

July 11, 2016

To the Citizens, Governor and Members of the Legislature of the State of New Mexico:

In accordance with Chapter 6-5-4.1 of the New Mexico Statutes Annotated 1978 (NMSA 1978), the Financial Control Division of the Department of Finance and Administration transmits the State of New Mexico's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015.

The CAFR presents the financial position and operating results of the State, compliant with generally accepted accounting principles (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB). The objective of the GASB reporting model is to provide a single, unified, transparent picture of the State's fiscal health. The basic financial statements and required supplemental information include a required narrative introduction, referred to as Management's Discussion and Analysis (MD&A). This transmittal letter complements the MD&A, which is located immediately following the independent auditors' report, and should be read in conjunction with it.

The basic financial statements have been audited by CliftonLarsonAllen LLP, an independent accounting firm. The audit was conducted in accordance with the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. The goal of an independent audit is to provide reasonable assurance that the State of New Mexico's basic financial statements for the fiscal year ended June 30, 2015 are free of material misstatement. Independent audit procedures include examining, on a test basis, supporting amounts and disclosures, assessing the accounting principles used, review of any significant estimates made by management, and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion with respect to internal controls over financial reporting.

Under statute (12.6.3 NMSA 1978), every state agency must be audited annually; the CAFR, which consolidates these entities, was initially audited in fiscal year 2013. Over the last four years, significant progress has been made to strengthen statewide controls. This year, the state was able to resolve the long-standing Book-to-Bank Cash Reconciliation issue and eliminated the need for the \$100 million loss contingency. In January, the Department implemented specialized software to automate the development of the CAFR, which will enable faster report production and facilitate greater accounting and financial reporting oversight in future cycles. In addition, continuing improvements to the State's enterprise system, SHARE, will provide enhanced validation ensuring more consistent and complete financial data. These efforts have contributed to improved financial reporting; in the third year of producing audited financial statements, more CAFR opinion units received unmodified opinions than in any previous year. However, the auditor was still unable to express an opinion on the general fund and related government-wide statements primarily due lack of assurance that all transactions between state entities had been identified and eliminated, if required. As presented in the management response to the Financial Statement findings, the State is progressing numerous accounting and control initiatives, including the hiring of additional staff, and updating and modifying agency financial reporting requirements. These changes, which affect over one-hundred state reporting entities, will take time to implement fully; however, the State is well positioned to capture additional improvements during the next couple of reporting cycles.



## PROFILE OF STATE OF NEW MEXICO

New Mexico became the forty-seventh state of the United States of America when it was admitted to the union on January 6, 1912. Its borders encompass 121,589 square miles of the Great Plains, Rocky Mountains, and the Rio Grande River with elevations ranging from 2,842 to 13,161 feet above sea level. Geographically, New Mexico is divided into 33 counties. The State's major economic sectors include agriculture, energy production and mining, federal technology laboratories, tourism, and customer services. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate, and other services. The State of New Mexico's estimated population was 2,085,109 as of July 2015.

**Structure** – The State Constitution divides the powers of government among three equal and independent branches: Legislative, Executive, and Judicial, shown in the organizational chart on page xiii. The powers and duties of each branch of government are outlined in the Constitution of the State of New Mexico, which can be amended only by a majority vote of the State's citizens. In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, this CAFR for the fiscal year ended June 30, 2015, includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the executive branch, various offices relating to the judicial branch, the education institutions created by the *Constitution of the State of New Mexico, Article XII, Section 11*, and discrete component units of the State of New Mexico).

**Internal Controls** – In accordance with the provisions of Chapter 6-5-2.C, NMSA 1978, the Financial Control Division of the Department of Finance and Administration is responsible for ensuring government agencies fulfill their responsibility for implementing and sustaining effective internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and reliability of financial records used for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its use, and the evaluation of costs and benefits requires managerial estimates and judgments. All internal control evaluations occur within this framework. Consideration as to the adequacy of internal controls is paramount in developing and maintaining the State's accounting system, and the effectiveness and adequacy of internal controls are evaluated during internal reviews performed by the Department of Finance and Administration and annual external audits.

**Types and levels of services provided** – The State of New Mexico provides its citizens with the following governmental types of services: educational, environmental, health and human services, highway and transportation services, public safety, legislative, judicial, as well as cultural, recreational and natural resource services. The State of New Mexico also administers two cost-sharing multiple-employer public employee retirement systems and three single-employer public employee retirement systems.

**Brief summary of budget process** – The Governor is required to submit a balanced budget by agency, program, activity and category to the Legislature annually. The Legislature authorizes expenditures in the annual *General Appropriations Act* by source, which is then signed into law by the Governor. Unless otherwise indicated, annual appropriations lapse at fiscal year-end. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address any budget shortfalls. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. Expenditures are controlled at the program appropriation level. The budget is administered using the modified accrual basis of accounting; however, the budgetary basis is not consistent with GAAP.

## PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATIONS

The State implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in Fiscal Year 2015. The purpose of the new statement is to improve the accounting and financial reporting of public employee pensions by state and local governments and enhance the usefulness of pension information. Although intended to improve comparability between public pension plans by standardizing the way certain financial data relating to plans are disclosed, it does not require any changes to the way actual employer plan contributions are determined. Employer contributions to the pension plans continue to be calculated per the requirements of the governing State statutes. GASB Statement No. 68 requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated their proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2014, which is required to be recorded on the financial statements, is \$1.8 billion for governmental activities and \$1.7 billion for business-type activities.



## ECONOMIC CONDITIONS AND OUTLOOK

New Mexico's economy continued to recover in Fiscal Year 2015 (FY15) as real gross state product increased 2.5 percent, a rate stronger than achieved in Fiscal Year 2014 (FY14). Total General Fund revenues rose 3.2 percent in FY15 after expanding 5.8 percent in the prior fiscal year as falling oil and natural gas prices began to reduce revenues in the latter part of the fiscal year.

General sales tax revenue, which includes gross receipts tax and compensating tax, rose 4.7 percent in FY15, reflecting gains in the professional services, construction, retail, health, and food and accommodation services sectors. Taxable gross receipts, a broad-based measure of economic activity and the source for one-third of New Mexico's general Fund revenue, grew 6.8 percent in FY15. Gross receipts tax revenues only captured a portion of the increase in the underlying tax base in FY15 due to increasing business incentive tax credit claims.

Income tax revenues rose 9.8 percent in FY15. Corporate income tax receipts swelled 29.3 percent impacted in part by the ending of incentive depreciation included in Economic Stimulus Act of 2008, which resulted in larger allowable deductions in FY14 versus FY15. Personal income tax, which is the more significant and stable revenue source for the state, comprising about one-fifth of General Fund revenue, grew by 6.8 percent in FY15.

Employment growth slowed in the first half of FY16, reflecting the impact of lower realizations on the mining and energy sectors. Energy related job levels began to stabilize towards the end of Fiscal Year 2016 and growth in other private sectors continued. FY16 gains are expected to be fractional however; employment growth is anticipated to return to the 2% level in subsequent years. Wage growth has improved both nationally and in New Mexico as the job market tightens.

General Fund recurring revenue in FY16 is forecast to remain flat although revenue-tracking models indicate a potential decrease. This downward variance is driven by oil and gas related revenues, which suffered from weaker prices early in the fiscal year, and lower broad-based income and sales receipts in energy producing regions of the state. Total taxable gross receipts have decreased by 6.7 percent in the first half of FY16.

Oil prices, which bottomed in February, have begun to strengthen. With lower global oil production, growing global demand and New Mexico oil production up 24 percent from the prior year, there is reason to be optimistic. Additionally, the General Fund ended FY15 with aggregate reserves of 10 percent of recurring current year appropriations which should provide an adequate buffer to ensure the budget is sustainable despite revenue volatility. A more detailed review of New Mexico economic conditions and outlook is located in the Management's Discussion and Analysis section.

## LONG-TERM FINANCING PLANNING

The State of New Mexico's Constitution and laws authorize the State to issue general obligation bonds, severance tax bonds and revenue bonds to finance or refinance the cost of State capital projects. General obligation bonds are secured by the full faith and credit of the State and payable from legally restricted revenues (collection of property taxes levied by local governments receiving the funding for capital projects). Payment of severance tax bonds is provided through the collection of severance taxes levied on the mining and production of various natural resources. The State pledges income derived from the related acquired or constructed asset to pay debt service for revenue bonds. The State continues to maintain a strong creditworthiness rating from Moody's Investors Services and Standard and Poor's Corporation.

## ACKNOWLEDGMENTS

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. Executive Management of the Department of Finance and Administration would also like to express our gratitude to the dedicated professionals in the State Financial Reporting and Accountability Bureau, whose work made possible the preparation of this report. The coordinated and collaborative effort have produced a report that will provide a means for government, the financial community, decision makers, and concerned citizens to better understand and evaluate the State's financial condition.

Sincerely,



Dorothy E. Rodriguez  
Acting Cabinet Secretary



Ronald C. Spilman  
State Controller



# STATE OF NEW MEXICO

## SELECTED STATE OFFICIALS

June 30, 2015

### Executive

**Susana Martinez, Governor**

**John A. Sanchez, Lieutenant Governor**

<b>Dianna J. Duran</b> Secretary of State	<b>Timothy Keller</b> State Auditor	<b>Tim Eichenberg</b> State Treasurer	<b>Hector H. Balderas</b> Attorney General	<b>Aubrey Dunn</b> Commissioner of Public Lands
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- **Karen L. Montoya**, Public Regulation Commission • **Patrick H. Lyons**, Public Regulation Commission • **Valerie Espinoza**, Public Regulation Commission • **Lynda Lovejoy**, Public Regulation Commission • **Sandy Jones**, Public Regulation Commission

### Judicial

<b>Barbara J. Vigil</b> Chief Justice of the Supreme Court	<b>Petra Jimenez Maes</b> Justice of the Supreme Court	<b>Charles W. Daniels</b> Justice of the Supreme Court	<b>Judith K. Nakamura</b> Justice of the Supreme Court	<b>Edward L. Chavez</b> Justice of the Supreme Court
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- **Michael E. Vigil**, Chief Judge of the Court of Appeals • **Michael D. Bustamante**, Judge of the Court of Appeals • **James J. Wechsler**, Judge of the Court of Appeals • **Timothy L. Garcia**, Judge of the Court of Appeals • **Linda M. Vanzi**, Judge of the Court of Appeals • **Michael D. Bustamante**, Judge of the Court of Appeals • **J. Miles Hanisee**, Judge of the Court of Appeals • **Stephen G. French**, Judge of the Court of Appeals • **Jonathan B. Sutin**, Judge of the Court of Appeals • **M. Monica Zamora**, Judge of the Court of Appeals

### Legislative - Senate

<b>Mary Kay Papan</b> President Pro Tempore	<b>Michael S. Sanchez</b> Majority Floor Leader	<b>Stuart Ingle</b> Minority Floor Leader	<b>Michael Padilla</b> Majority Whip
<b>William H. Payne</b> Minority Whip			

# STATE OF NEW MEXICO

## SELECTED STATE OFFICIALS

June 30, 2015

### Legislative – House of Representatives

<b>Don L. Tripp</b> Speaker of the House	<b>Nate Gentry</b> Majority Floor Leader	<b>Brian F. Egolf</b> Minority Floor Leader	<b>Alonzo Baldonado</b> Majority Whip
<b>Sheryl Williams Stapleton</b> Minority Whip			

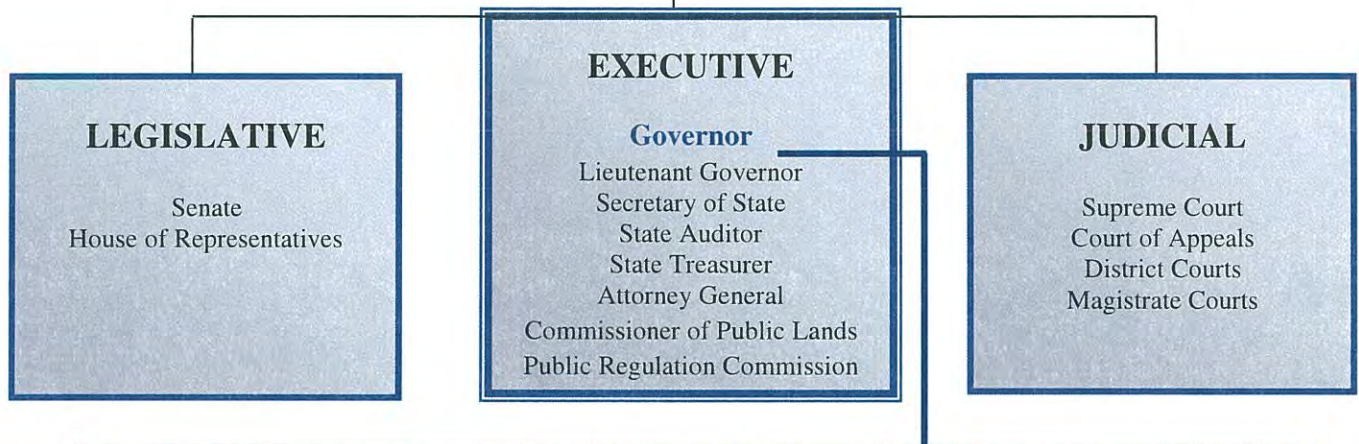
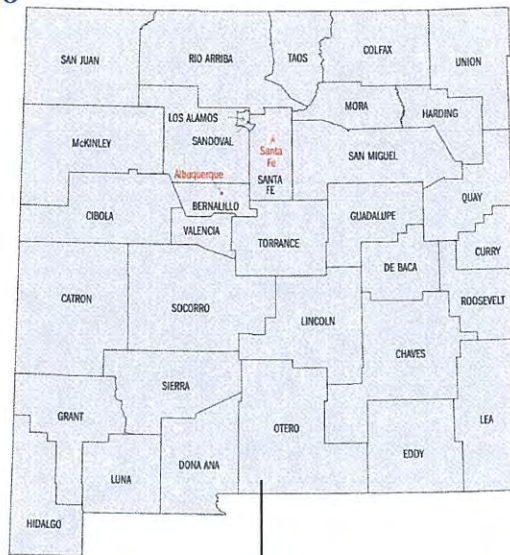


# STATE OF NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2015

### Citizens of New Mexico



<b>GOVERNOR'S CABINET</b>	
African American Affairs Office	Aging and Long-Term Services Department
Department of Agriculture	Children, Youth and Families Department
Corrections Department	Cultural Affairs Department
Economic Development Department	Energy, Minerals and Natural Resources Department
Office of the State Engineer	Environment Department
Department of Finance and Administration	General Services Department
Department of Health	Higher Education Department
Department of Homeland Security and Emergency Management	Human Services Department
Information Technology Department	Indian Affairs Department
Public Education Department	State Personnel Office
Regulation and Licensing Department	Department of Public Safety
Tourism Department	Taxation and Revenue Department
Department of Veterans' Services	Department of Transportation
Department of Workforce Solutions	Worker's Compensation Administration

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

# FINANCIAL SECTION



ALBUQUERQUE INTERNATIONAL BALLOON FIESTA, ALBUQUERQUE, NEW MEXICO  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Susana Martinez, Governor of the State of New Mexico  
Ms. Duffy Rodriguez, Acting Secretary of the New Mexico Department of  
Finance and Administration,  
Mr. Ronald C. Spilman, State Controller of the New Mexico Department  
of Finance and Administration, and  
Mr. Timothy Keller, New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Mexico (State), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the State's non-major enterprise funds, internal service funds, and each fiduciary fund type presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain agencies and component units of the State, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those agencies and component units, is based solely on the reports of the other auditors.



**Percentage Audited by Other Auditors**

<b><u>Government-Wide</u></b>	<b><u>Total Assets</u></b>	<b><u>Total Revenues</u></b>
Governmental activities	10%	44%
Business-type activities	88%	90%
Discretely presented component units	100%	100%

**Fund Statements**

Major governmental fund - General Fund	53%	51%
Major governmental fund - Debt Service Fund	<1%	<1%
Major governmental fund - Capital Project Fund	97%	99%
Major enterprise fund - Educational Institutions	100%	100%
Aggregate Remaining Fund Information	92%	83%
Nonmajor enterprise fund - Industries for the Blind	100%	100%
Nonmajor enterprise fund - Corrections Industries Revolving Fund	100%	100%
Nonmajor enterprise fund - NM Public Schools Insurance Authority	100%	100%
Nonmajor enterprise fund - State Fair Commission	100%	100%
Nonmajor enterprise fund - Department of Cultural Affairs	100%	100%
Internal Service Fund - Communications Services	100%	100%
Internal Service Fund - Information Processing	100%	100%
Pension and Other Employee Benefits Trust Funds	100%	100%
Private Purpose Trust Funds	98%	99%
Agency Funds	37%	n/a

Except as explained in the bases for disclaimer of opinions paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

**Summary of Opinions**

**Modified Opinion Section**

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion/Disclaimer</u></b>	<b><u>Bases for Disclaimer</u></b>
Governmental Activities	Disclaimer	D1, D2
Business-Type Activities	Disclaimer	D1, D2
Aggregate Discretely Presented Component Units	Disclaimer	D1, D2
Major governmental fund - General Fund	Disclaimer	D1, D2
Major governmental fund - Capital Projects Fund	Disclaimer	D1
Major governmental fund - Land Grant Fund	Qualification	n/a
Major enterprise fund - Educational Institutions Fund	Qualification	n/a
Aggregate Remaining Fund Information	Disclaimer	D1, D2
Nonmajor enterprise fund - Miners' Colfax Medical Center	Disclaimer	D2
Each Internal Service Fund	Qualification	n/a
Agency Funds	Disclaimer	D1

**Unmodified Opinion Section**

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Major governmental fund - Debt Service Fund	Unmodified
Major governmental fund - Severance Tax Fund	Unmodified
Nonmajor enterprise fund - Industries for the Blind	Unmodified
Nonmajor enterprise fund - Corrections Industries Revolving Fund	Unmodified
Nonmajor enterprise fund - Environment Department	Unmodified
Nonmajor enterprise fund - New Mexico Magazine	Unmodified
Nonmajor enterprise fund - NM Public Schools Insurance Authority	Unmodified
Nonmajor enterprise fund - State Infrastructure Bank	Unmodified
Nonmajor enterprise fund - Unemployment Insurance Fund	Unmodified
Nonmajor enterprise fund - State Fair Commission	Unmodified
Nonmajor enterprise fund - Department of Cultural Affairs	Unmodified
Pension and Other Employee Benefits Trust Funds	Unmodified
External Investment Trust Funds	Unmodified
Private Purpose Trust Funds	Unmodified

### ***Bases for Disclaimer of Opinions***

The following issues were encountered during our engagement to audit the financial statements of the State which detail the bases for disclaimer of opinions on certain opinion units as identified in the “Modified Opinion Section” of the previous table:

- D1.** The State is unable to provide sufficient appropriate audit evidence to support the accuracy, classification, completeness, existence and occurrence of all the State's interfund, internal, intra-entity activity and balances. The State lacks adequate controls and processes to properly consolidate all of the financial information of the various agencies and component units of the State. The State has not considered or posted all necessary consolidation/elimination entries in the State's financial statements. Various inconsistencies/inaccuracies were identified in the classifications of certain balances/activities within the various opinion units of the State. (see findings 2013-002 and 2013-005 in the schedule of findings and responses for additional details)
  
- D2.** The financial statements of certain agencies have not been audited, and we were not engaged to audit these certain agencies as part of our audit of the State. In addition, for the agency financial statements that include the charter schools, the auditor's report does not express an opinion on the aggregate discretely presented component units, the opinion unit that contains such charter schools. Furthermore, the nonmajor enterprise fund – Miners' Colfax Medical Center financial statements report the activities and balances as of and for the year ended June 30, 2014.

As a result of these matters, we were unable to determine the extent of additional adjustments and reclassifications, which would be necessary to the financial statements.

### **Disclaimer of Opinions**

Because of the significance of the matters described in the “Bases for Disclaimer of Opinions” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on the financial statements identified with a disclaimer of opinion in the “Modified Opinion Section” schedule in the “Summary of Opinions” paragraph.

### ***Basis for Qualifications***

#### **Major governmental fund - Land Grant Fund**

The State lacks adequate controls and processes to properly consolidate all of the financial information of the various components of the State. Incorrectly included in the Agency funds are approximately \$262M in assets held by the State Land Office, which are to be distributed to the beneficiaries of the Land Grant Fund. It would be expected that the majority of this balance would be reported as an asset in the Major governmental fund – Land Grant Fund. As a result we were unable to obtain sufficient audit evidence regarding the extent of this balance that should be reported as an asset in the Major governmental fund – Land Grant Fund of the State.

Major enterprise fund - Educational Institutions Fund

The State lacks adequate controls and processes to properly consolidate all of the financial information of the various components of the State. The extent of balances and activity between the various educational institutions and other funds and component units that is not separately reported or disclosed is unknown. As a result we were unable to obtain sufficient audit evidence regarding the proper classification or disclosure of all related interfund balances and activity.

Each Internal Service Fund

The State lacks adequate controls and processes to properly consolidate all of the financial information of the various components of the State. The extent of balances between each internal service fund and other funds of the State that is not separately reported or disclosed is unknown. As a result we were unable to obtain sufficient audit evidence regarding the proper classification or disclosure of all related interfund balances. In addition, the State has not identified all elimination entries for the internal service fund transfers during the consolidation process. As a result we were unable to obtain audit evidence to determine the extent of transfers reported within the internal service funds that could be grossed up.

**Qualified Opinion**

In our opinion, based on our audits and the reports of the other auditors, except for the matters described in the “*Basis for Qualifications*” paragraphs above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Major enterprise fund - Educational Institutions Fund, Major governmental fund - Land Grant Fund, and Each Internal Service Fund of the State, as of June 30, 2015, 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.

**Unmodified Opinions**

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the opinion units identified in the “Unmodified Opinion Section” schedule in the “Summary of Opinions” of the State, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

Change in Accounting Principles

As discussed in Note 9 to the financial statements the State restated beginning balances resulting from the implementation of GASB Statement No. 68, *Financial Reporting for Pension Plans* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to that matter.

Correction of Errors

As described in Note 9 to the financial statements, the State restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. Our opinion is not modified with respect to this matter.



## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 10-27), Budgetary Comparison Schedule – General Fund and Notes to Budgetary Reporting (pages 190-198), Schedules of Changes in Net Pension Liability (pages 200-204), Schedules of Net Pension Liability (pages 205-209), Schedules of Employer Contributions (pages 210-218), Schedules of Investment Returns (pages 220-221), Schedule of Actuarial Methods and Assumptions – All Retirement Systems (page 222), Schedule of Funding Progress – Retiree Health Care Authority (page 223), Schedule of the State of New Mexico's Proportionate Share of The Net Pension Liability (pages 225-228), and Schedule of the State's Contributions (pages 229-232), 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 and the other auditors have applied certain limited procedures to the Schedules of Changes in Net Pension Liability, Schedules of Net Pension Liability, Schedules of Employer Contributions, Schedules of Investment Returns, Schedule of Actuarial Methods and Assumptions – All Retirement Systems, and Schedule of Funding Progress – Retiree Health Care Authority, Schedule of the State of New Mexico's Proportionate Share of The Net Pension Liability, and Schedule of the State's Contributions 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.

We were unable to apply certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund and Notes to Budgetary Reporting in accordance with auditing standards generally accepted in the United States of America because of the matters described in the "Bases for Disclaimer of Opinions" paragraph. We do not express an opinion or provide any assurance on the information.

### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming and expressing opinions on the State's financial statements and the combining and individual fund statements. The introductory, other supplementary and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matters discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 11, 2016 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
July 11, 2016

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### INTRODUCTION

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Management's discussion and analysis (MD&A) provides a discussion and analysis of the State of New Mexico's financial performance and position, and also provides an overview of the State's activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section. The subsequent information is highly summarized, and in order to gain a comprehensive understanding of the State's financial condition it should be reviewed in its entirety. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL HIGHLIGHTS

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#### Government-wide

##### Net Position of the Primary Government

- ✦ The assets and deferred outflows of resources of the State of New Mexico exceeded its liabilities and deferred inflows of resources by \$26.9 billion as of June 30, 2015, an increase of \$8.8 billion, or 48.6 percent, from the previous year. The majority of the increase is primarily due to the reclassification of the Land Grant Private Purpose Trust Fund to the Governmental Land Grant. Due to this reclassification, the restricted fund balance of the governmental increased by over \$12.1 billion.
- ✦ The net position is comprised of \$6.9 billion in capital assets, net of related debt, \$13.7 billion in restricted, and \$6.3 billion in unrestricted, excluding component units.
- ✦ As a result of operations, the primary government's total net position increased by \$798.2 million, or 3.1 percent, in fiscal year 2015 when compared to the previous year's ending net position, as restated. The net position of governmental activities increased \$531.3 million, or 2.2 percent, from previous year's ending net position, as restated. There was an increase in program revenues of \$1.6 billion, or 22.9 percent. Expenses increased by \$1.7 billion, with the majority of the increase being in Health and Human Services and Education functions. The net position of the business-type activities increased by \$266.8 million, or 18.0 percent, from the previous year's ending net position, as restated. The business-type activities from the prior fiscal year saw a decrease in program revenue and an increase in expenses. Transfers increased by \$109.6 million with the other remaining increase being in general revenues.

##### Long-term Debt

- ✦ The State's long-term bonded debt decreased a net of \$216 million for both governmental and business-type activities, the payment on the prior year bonds exceeded the issuance of new bonds. New bond issuance was \$221 million for governmental activities, \$141.6 for general obligation bonds and \$79.4 for revenue bonds. New bond issuance for business type activities was \$244 million in revenue bonds. See Note 8 for more detailed information on long-term liabilities. More detailed information regarding the government-wide, fund level, and long-term debt activities can be found in the capital asset and debt administration section of this management's discussion and analysis (MD&A).

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### Fund Level

#### Governmental Funds

- ✦ As of June 30, 2015, the State's governmental funds reported a combined ending fund balance of \$22.9 billion, an increase of \$595.5 million, or 2.7 percent, from fiscal year 2014 year's ending net position, as restated (see the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances). On an unadjusted basis, Governmental Fund Balance increased \$13.9 billion, the majority of the increase is primarily due to the reclassification of the Land Grant Private Purpose Trust Fund to the Governmental Land Grant. Due to this reclassification, the restricted fund balance of the governmental increased by over \$12.1 billion. There was an increase in revenue of \$1.4 billion and an increase in expenditures of \$1.5 billion. The State of New Mexico also added an additional \$100 million to the General Fund due to the Executive Management decision to relieve the liability for the Reduction of Loss Contingency due to cash reconciliation, as the State determined there was not a shortfall of available resources in the State General Fund Investment Pool compared to the claims against the pool. The State reported a positive unassigned fund balance of \$189.9 million in fiscal year 2015.

#### Proprietary Funds

- ✦ The proprietary funds reported net position of \$1.7 billion as of June 30, 2015, an increase of \$266.8 million, or 18 percent, from fiscal year 2014 ending net position restated. The majority of the increase is due to a slight increase in operating revenues, primarily in Patient Services/Clinical Operations (\$230.2 million) and Other Operating Revenues (\$142.6 million).

## OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of this annual report is on reporting for the state as a whole and on the major individual funds. The report presents a more comprehensive view of the state's financial activities. The Financial Section of this Comprehensive Annual Financial Report (CAFR) presents the State's financial position and activities in four parts:

- Management's Discussion and Analysis (this part)
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- Required Supplementary Information other than MD&A
- Other Supplementary Information presenting combining statements and schedules

This report also includes statistical data.

### Reporting on the State as a Whole

#### **Government-wide Statements**

The government-wide financial statements are designed to present an overall picture of the financial position of the state. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all revenues



# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

earned and expenses incurred during the year are included, regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private sector companies.

The statement of net position combines and consolidates the government's current financial resources with capital assets and long-term obligations. This statement includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. Net position represents one measure of the state's financial health. Other indicators of the state's financial health include the condition of its roads and highways (infrastructure) and economic trends affecting the state's future tax revenues.

The statement of activities focuses on both the gross and net cost of various activities (governmental, business-type and component units). These costs are paid by the state's tax revenues, charges for services and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

The government-wide statement of net position and the statement of activities divide the state's activities into the following three types:

### Governmental Activities

The state's basic services are reported here, including general government, education, transportation, health and human services, public safety and corrections, judicial, natural resources and recreation, legislative, and regulatory services. Taxes, fees and federal grants finance most of these activities.

### Business-type Activities

Activities for which the state charges a fee to customers to pay most or all of the costs of certain services it provides are reported as business-type activities. The state's institutions of higher education are included as business-type activities, as well as unemployment insurance, public schools insurance, medical centers, magazine publication, state fair, state infrastructure bank, environment department, corrections industries, and industries for the blind.

### Component Units

Component units are legally separate organizations for which the state is either financially accountable or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The state has approximately seventy-five (75) discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and in the notes.

## Reporting on the State's Most Significant Funds

### **Fund Financial Statements**

Fund financial statements provide additional detail about the state's financial position and activities. Some information presented in the fund financial statements differs from the government-wide financial statements due to the perspective and basis of accounting used. Funds are presented in the fund-level statements based on criteria set by the Governmental Accounting Standards Board (GASB). A fund is a separate accounting entity with a self-balancing set of accounts. The state uses funds to keep track of sources of funding and spending related to specific activities. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

All of the State's funds are divided into the following types, each of which uses a different accounting approach:

### Governmental Funds

A majority of the state's activity is reported in the governmental funds. Reporting of these funds focuses on the flow of money into and out of the funds and amounts remaining at fiscal year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the state's general governmental operations and the basic services it provides. This information helps determine the level of resources available for the state's programs. The reconciliations following the fund financial statements explain the differences between the governmental activities column reported on the government-wide statement of net position and the government-wide statement of activities, and the governmental funds reported on the fund financial statements. The general fund, debt service fund, appropriated bond proceeds capital outlay fund, severance tax fund and land grant fund are reported as major governmental funds.

### Proprietary Funds

When the state charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a component of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same business-type activities reported in the government-wide financial statements, but are reported here to provide information at the fund level. Activities whose customers are primarily other state agencies (e.g., motor pool) are accounted for in internal service funds. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

### Fiduciary Funds

Fiduciary funds account for assets held in a trustee or agency capacity for others. All state fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The activities are reported separately from other financial activities because the state cannot use the assets to finance its operations. The state's fiduciary responsibilities include ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis accounting.

### **Reconciliation between Government-wide and Fund Statements**

The financial statements include schedules that reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus).

The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflow of resources on the governmental fund statements.

### Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

### Required Supplementary Information (RSI)

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, the RSI includes schedules on the funded status and employer contributions for the State's Defined Benefit Pension Plans and Other Postemployment Benefits Plan. RSI further supports the information in the basic financial statements.

### Other Supplementary Information

Supplementary Information includes combining statements for the State's nonmajor proprietary and fiduciary funds. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the program level of the General Appropriation Acts.

## ADJUSTMENTS TO BEGINNING NET POSITION AND FUND BALANCES

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As discussed in Note 9.C the State has restated certain July 1, 2014 Net Position and fund balances. Governmental activities net position and governmental fund balances were increased by \$11.1B and \$13.3B, respectively, to reflect changes in certain previously reported revenue and expenditure accruals.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

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### Net Position

- ✚ Total assets of the State as of June 30, 2015, were \$37.7 billion, an increase of 54 percent from prior fiscal year. The majority of the increase is due to the reclassification of the Private Purpose Land Grant assets to the Governmental Land Grant Fund. These assets totaled \$12.2 billion.
  - For governmental activities, total assets were \$32.7 billion, an increase of \$14.3 billion, or 77.5 percent.
  - For business-type activities, total assets were \$5.0 billion, a decrease of \$1.1 billion or 17.9 percent.
- ✚ Total liabilities as of June 30, 2015 were \$10.5 billion, an increase of \$4.0 billion, or 62.2 percent. The majority of this increase is due to the implementation of GASB 68 for the pension liability.
  - Total liabilities for governmental activities were \$7.4 billion, up \$2.3 billion, or 46.7 percent.
  - For business-type activities, total liabilities were \$3.2 billion, an increase of \$1.7 billion or 115 percent.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

- ✚ Net position was affected by a number of factors. Including the reclassification of the Land Grant Private Purpose Trust Fund to the Governmental Land Grant, the implementation of GASB 68 and the recording of the net pension liability and the Executive Management decision to relieve the \$100 million liability for the Reduction of Loss Contingency due to cash reconciliation as previously discussed.
- ✚ The State's total net position increased \$798.2 million, or 3.1 percent, in fiscal year 2015 in comparison to the prior year, as restated (table below does not have fiscal year 2014 restated numbers). Of the State's net position, \$6.9 billion was invested in capital assets, net of related debt, while \$13.7 billion was restricted by state statute or other legal requirements and was not available to finance day-to-day operations of the state. Unrestricted net position was \$6.3 billion. The majority of the net position increase is primarily due to an increase of \$3.9 billion in restricted funds and \$4.7 billion in unrestricted funds.

State of New Mexico  
Net Position as of June 30, 2015  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 25,129,986	\$ 10,546,340	\$ 2,592,510	\$ 3,687,593	\$ 27,722,496	\$ 14,233,933
Capital Assets	7,610,722	7,902,191	2,357,606	2,342,613	9,968,328	10,244,804
Total Assets	<u>\$ 32,740,708</u>	<u>18,448,531</u>	<u>4,950,116</u>	<u>6,030,206</u>	<u>37,690,824</u>	<u>24,478,737</u>
Deferred Outflow of Resources	303,412	134,952	155,466	13,103	458,878	148,055
Current Liabilities	2,598,576	1,617,112	518,894	462,683	3,117,470	2,079,795
Long-term Liabilities	4,763,554	3,402,127	2,642,173	1,003,970	7,405,727	4,406,097
Total Liabilities	<u>7,362,130</u>	<u>5,019,239</u>	<u>3,161,067</u>	<u>1,466,653</u>	<u>10,523,197</u>	<u>6,485,892</u>
Deferred Inflows of Resources	508,780	9,505	195,535	464	704,315	9,969
Net Position:						
Net Investment in Capital Assets	5,356,468	5,164,435	1,589,677	1,517,364	6,946,145	6,681,799
Restricted	12,658,737	6,921,331	987,021	2,919,494	13,645,758	9,840,825
Unrestricted	7,158,005	1,468,973	(827,718)	139,334	6,330,287	1,608,307
Total Net Position	<u>\$ 25,173,210</u>	<u>\$ 13,554,739</u>	<u>\$ 1,748,980</u>	<u>\$ 4,576,192</u>	<u>\$ 26,922,190</u>	<u>\$ 18,130,931</u>

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### **Changes in Net Position**

The State's net position as of June 30, 2015, was \$26.9 billion which was an increase by \$798.2 million, with 2014 net position restated. The State earned program revenues of \$11.2 billion, taxes of \$6.3 billion and general revenues of \$1.6 billion, for total revenues of \$19.1 billion, an increase of \$1.6 billion, or 9.1 percent, from fiscal year 2014. The major components of the increase were tax revenues increased by \$639.7 million and operating grants and contributions increased by \$1.3 billion. The expenses of the State were \$18.3 billion, an increase of \$1.9 billion from fiscal year 2014. Further analysis of results of changes in the State's financial condition follows in the analysis of the State's funds. Net program expenses exceeded net program revenues by \$7.1 billion. The tax collections of the State provided additional funding, which when added to program revenues, supported payment for governmental services.

The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2015:

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### State of New Mexico Changes in Net Position

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

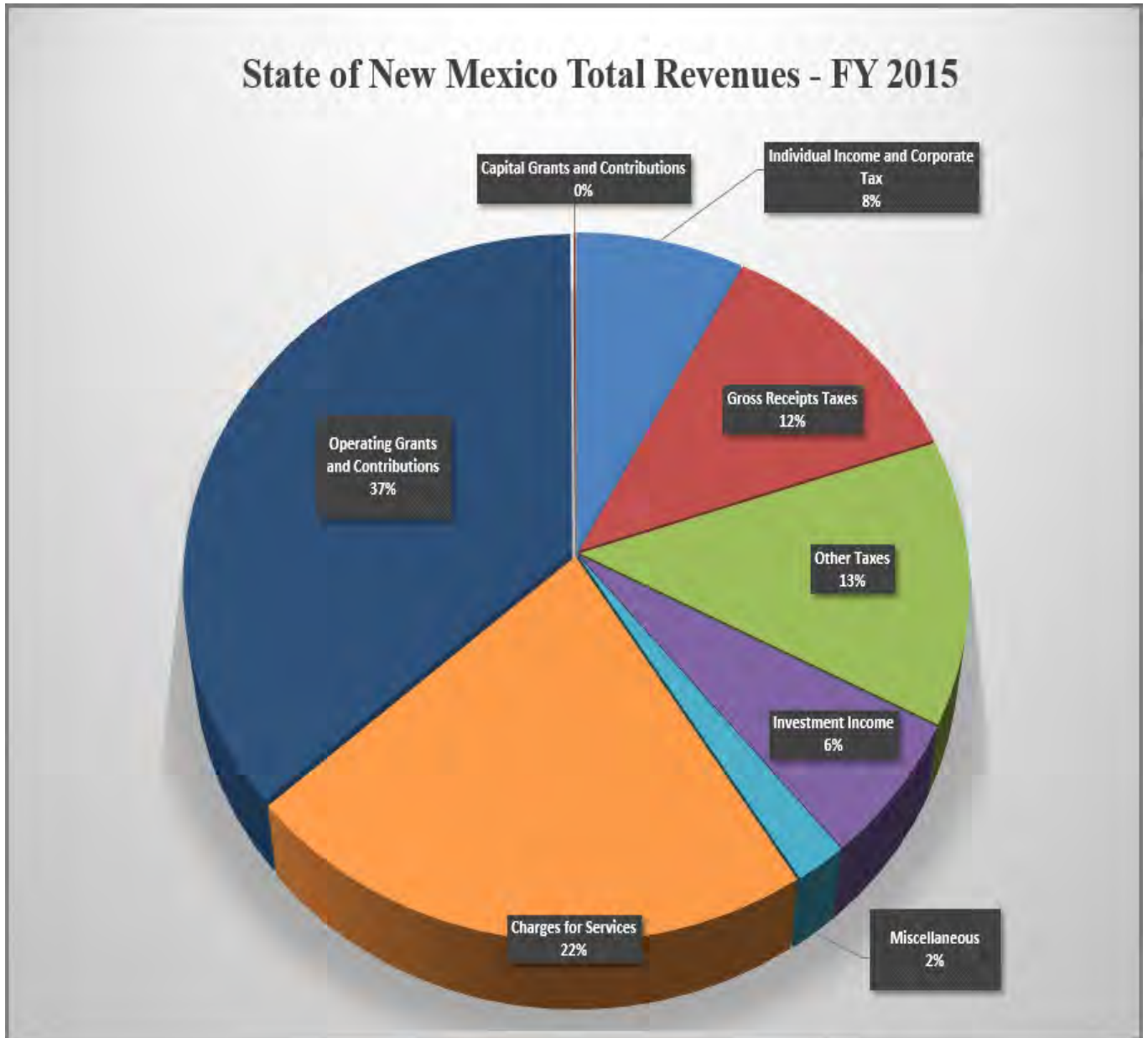
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2014 to 2015
	2015	2014	2015	2014	2015	2014	
<b>Revenues</b>							
General Revenues:							
Taxes	\$ 5,985,982	\$ 5,615,920	\$ 269,593	\$ -	\$ 6,255,575	\$ 5,615,920	11.4 %
Other General Revenues	1,341,095	1,706,384	253,493	361,148	1,594,588	2,067,532	(22.9) %
Program Revenues:							
Charges for Services	2,250,596	1,671,767	1,964,170	1,990,251	4,214,766	3,662,018	15.1 %
Operating Grants and Contributions	6,356,248	4,932,895	627,067	771,706	6,983,315	5,704,601	22.4 %
Capital Grants and Contributions	-	400,212	12,524	25,541	12,524	425,753	(97.1) %
<b>Total Revenues</b>	<b>15,933,921</b>	<b>14,327,178</b>	<b>3,126,847</b>	<b>3,148,646</b>	<b>19,060,768</b>	<b>17,475,824</b>	<b>9.1 %</b>
<b>Expenses</b>							
General Control	993,220	918,870	-	-	993,220	918,870	8.1 %
Culture, Recreation, and Natural Resources	203,319	228,000	-	-	203,319	228,000	(10.8) %
Highway and Transportation	1,051,567	1,230,707	-	-	1,051,567	1,230,707	(14.6) %
Judicial	255,761	242,449	-	-	255,761	242,449	5.5 %
Legislative	29,626	23,751	-	-	29,626	23,751	24.7 %
Public Safety	480,286	457,119	-	-	480,286	457,119	5.1 %
Regulation and Licensing	126,917	112,770	-	-	126,917	112,770	12.5 %
Health and Human Services	7,401,004	6,284,737	-	-	7,401,004	6,284,737	17.8 %
Education	4,024,669	3,223,837	-	-	4,024,669	3,223,837	24.8 %
Indirect Interest on Long-term Debt	131,154	127,001	-	-	131,154	127,001	3.3 %
Special Items	(92,502)	30,000	-	-	(92,502)	30,000	- %
Educational Institutions	-	-	3,041,713	2,901,959	3,041,713	2,901,959	4.8 %
Public Schools Insurance	-	-	363,373	349,589	363,373	349,589	3.9 %
Environmental Loans	-	-	441	294	441	294	100.0 %
Miners' Collax Medical Center	-	-	24,967	29,650	24,967	29,650	(15.8) %
Unemployment Insurance	-	-	193,479	261,763	193,479	261,763	(26.1) %
State Fair	-	-	15,417	14,671	15,417	14,671	5.1 %
Other Business-type Activities	-	-	18,199	11,409	18,199	11,409	59.5 %
<b>Total Expenses</b>	<b>14,605,021</b>	<b>12,879,241</b>	<b>3,657,589</b>	<b>3,569,335</b>	<b>18,262,610</b>	<b>16,448,576</b>	<b>11.0 %</b>
Excess Before Transfers	1,328,900	1,447,937	(530,742)	(420,689)	798,158	1,027,248	
Transfers	(797,559)	(687,979)	797,559	687,979	-	-	
Change in Net Position	<b>531,341</b>	<b>759,958</b>	<b>266,817</b>	<b>267,290</b>	<b>798,158</b>	<b>1,027,248</b>	<b>(22.3) %</b>
Net Position - Beginning, as Restated	24,641,869	12,794,781	1,482,163	4,308,902	26,124,032	17,103,683	
<b>Net Position - Ending</b>	<b>\$ 25,173,210</b>	<b>\$ 13,554,739</b>	<b>\$ 1,748,980</b>	<b>\$ 4,576,192</b>	<b>\$ 26,922,190</b>	<b>\$ 18,130,931</b>	<b>48.5 %</b>



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

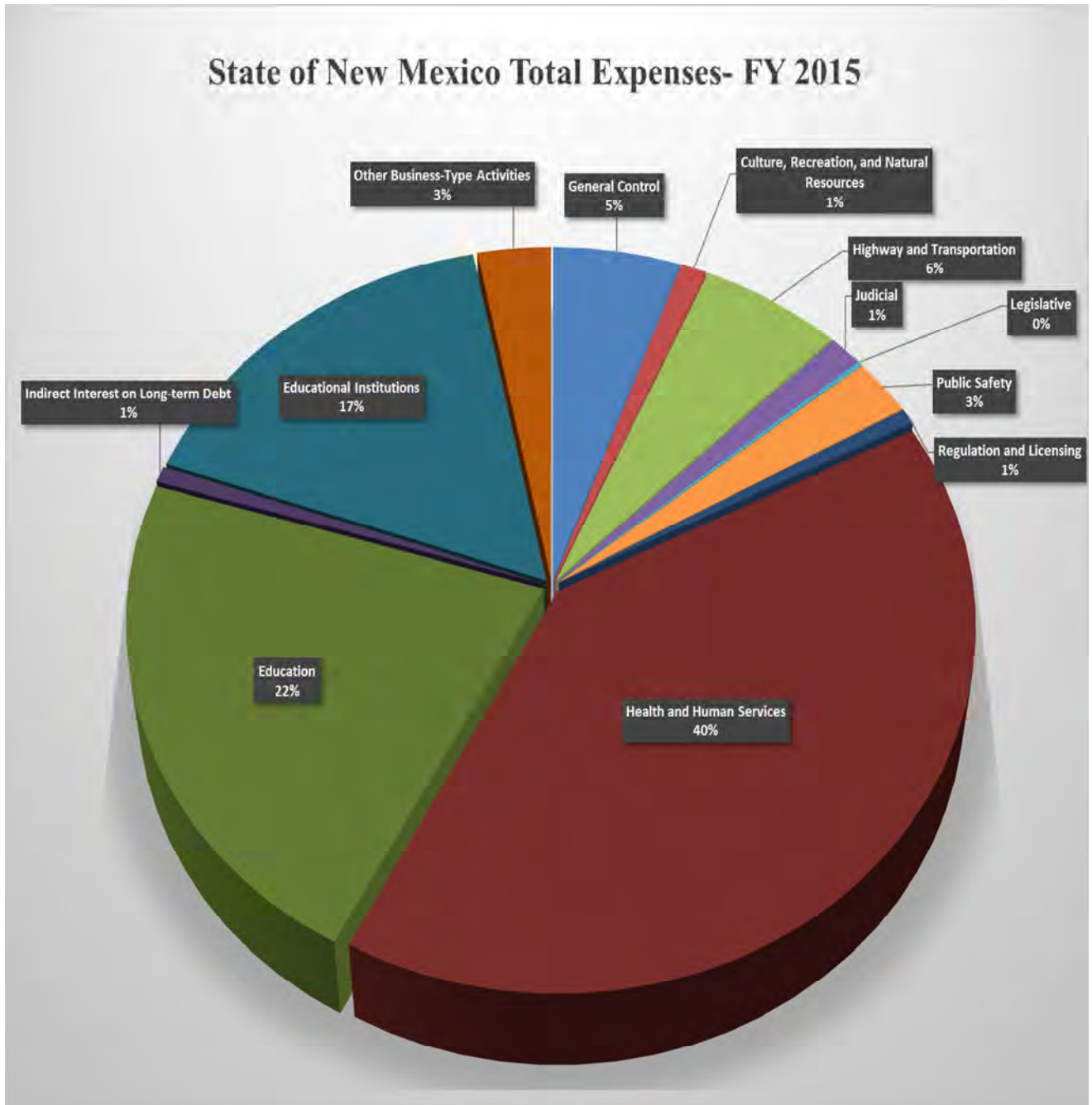
For the Year Ended June 30, 2015



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### Governmental Activities

Governmental activities program revenue was \$8.6 billion, including charges for services of \$2.2 billion, operating grants and contributions of \$6.4 billion. The largest changes were a \$1.4 billion increase in operating grants and contributions and \$0.5 billion increase in charges for services. There was an increase of \$1.8 billion in Governmental activities expenses making the total \$14.6 billion. All functions of governmental activities in the government-wide statement of activities have a net cost. The health and human services function and education function account for 78 percent of governmental activities expenses and net cost. The operating grants and contributions increased due to additional federal funding for the health and human services function and education function.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2015, state taxes and other general revenues covered 49.8 percent of expenses. The remaining \$8.6 billion, or 58.3 percent of the total expenses, was covered by charges for services and grants and contributions.

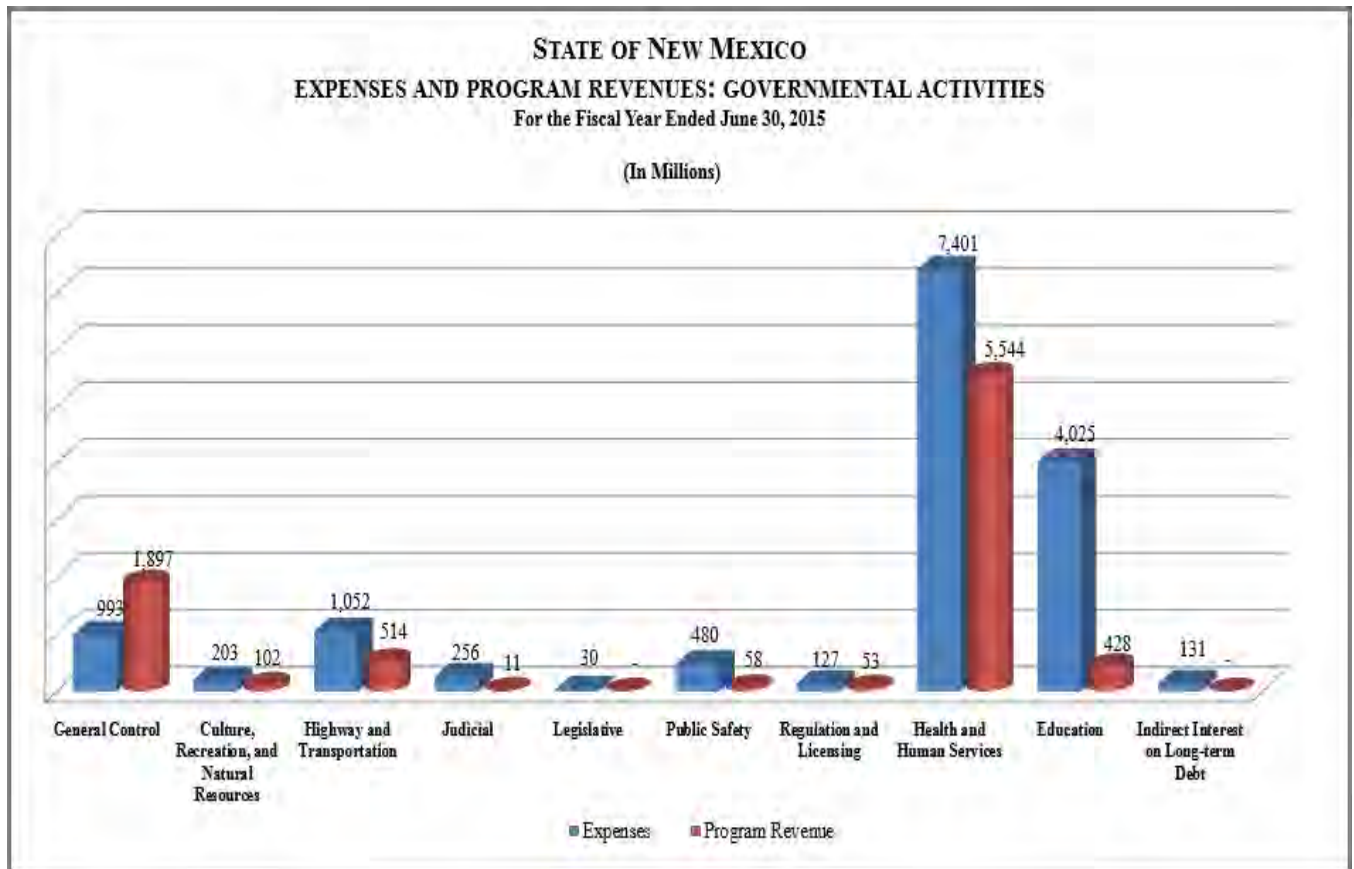
**State of New Mexico**  
**Net Program Costs as of June 30, 2015**  
*(Expressed in Thousands)*

	Program		Net Program Costs		Program Revenues as a Percentage of Program Expenses	
	Expenses	Less Program Revenues	2015	2014	2015	2014
General Control	\$ 993,220	\$ (1,897,203)	\$ (903,983)	\$ 110,471	191.2 %	88.0 %
Culture, Recreation, and Natural Resources	203,319	(101,838)	101,481	96,191	49.8 %	57.8 %
Highway and Transportation	1,051,567	(514,120)	537,447	529,369	46.9 %	57.0 %
Judicial	255,761	(11,368)	244,393	229,315	4.4 %	5.4 %
Legislative	29,626	0	29,626	23,751	- %	- %
Public Safety	480,286	(57,571)	422,715	373,284	11.9 %	18.3 %
Regulation and Licensing	126,917	(52,903)	74,014	31,573	41.4 %	72.0 %
Health and Human Services	7,401,004	(5,543,864)	1,857,140	1,540,459	75.0 %	75.5 %
Education	4,024,669	(427,977)	3,596,692	2,782,953	10.6 %	13.7 %
Indirect Interest on Long-term Debt	131,154	0	131,154	127,001	- %	- %
	<b>\$ 14,697,523</b>	<b>\$ (8,606,844)</b>	<b>\$ 6,090,679</b>	<b>\$ 5,844,367</b>	<b>58.3 %</b>	<b>54.5 %</b>

# STATE OF NEW MEXICO

## MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015



### Business-type Activities

Business-type activities generated program revenues of \$2.6 billion, including charges for services of \$2.0 billion, operating grants and contributions of \$627.1 million, and capital grants and contributions of \$12.5 million. The total expenses for business-type activities were \$3.7 billion. The largest changes occurred in the education function with a \$139.8 million increase in expenses for colleges and universities, and there was a decrease in expenses of \$68.3 million in unemployment benefit payments as a result of the state revising its benefit calculations. There was an increase (net expenses exceeded program revenues) from the government’s business-type activities of \$1.1 billion in comparison to the prior year’s loss of \$0.8 billion.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

#### Fund Balances

At June 30, 2015, the State's governmental funds reported combined ending fund balances of \$22.9 billion. The State reported \$10.1 billion, or 44 percent, as non-spendable, including \$10 billion related to the Land Grant funds. The remaining non-spendable balance consisted of prepaid expenditures and inventories. The amount classified as restricted, committed and assigned, \$12.6 billion, or 55 percent, was for specific programs established by state law or by external constraints. Unspent bond proceeds, balances of restricted accounts, and agencies' non-lapsing balances are also included in either restricted or committed, depending on the legality of the restriction. Note 1.G.14 contains more details about the fund balance classifications at June 30, 2015. The remaining \$189.9 million, or 0.8 percent, of fund balance was available for appropriation for the general purpose of the funds.

State of New Mexico						
Fund Balances as of June 30, 2015						
<i>(Expressed in Thousands)</i>						
	General Fund	Debt Service Fund	Capital Projects Fund	Severance Tax	Land Grant	Totals Governmental Funds
Nonspendable	\$ 52,433	\$ -	\$ -	\$ -	\$ 10,000,000	\$ 10,052,433
Restricted	916,201	191,801	1,183,349	4,730,350	4,882,172	11,903,873
Committed	695,182	-	10,758	-	-	705,940
Assigned	16,395	-	-	-	-	16,395
Unassigned	189,932	-	-	-	-	189,932
<b>Total</b>	<b>\$ 1,870,143</b>	<b>\$ 191,801</b>	<b>\$ 1,194,107</b>	<b>\$ 4,730,350</b>	<b>\$ 14,882,172</b>	<b>\$ 22,868,573</b>
Percent Change from Prior Year						<u>2.7 %</u>

#### Governmental Funds

##### General Fund

General Fund balance at June 30, 2015 totaled \$1.9 billion. Net change in General Fund balance, on a restated basis, was a positive \$232.6 million. The General Fund ended the fiscal year 2015 with unassigned fund balance of \$189.9 million.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### **Budgetary Highlights – General Fund**

The initial fiscal year 2015 budget was adopted by the Legislature during the 2014 Regular Session. The General Fund original budgeted revenues for fiscal year 2015 were 5 percent less than the fiscal year 2015 final budget basis revenues. During the year, federal revenue was \$127 million less than the final approved budget. After budget amendments, the actual expenditures in the General Fund were \$789 million below the final budgeted amounts. This was mainly the result of agency-mandated measures to reduce expenditures. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

### **Severance Tax Fund**

Fund balance at June 30, 2015, totaled \$4.7 billion, a decrease of \$37.9 million, or 0.8 percent, related to transfers out to beneficiaries.

### **Land Grant Fund**

Fund balance at June 30, 2015, totaled \$14.9 billion, an increase of \$14 billion when comparing with 2014 financial statements. The majority of the increase is primarily due to the reclassification of the Land Grant Private Purpose Trust Fund to the Governmental Land Grant. Reflective of this reclassification, both non-spendable and the restricted governmental funds increased compared to the prior year.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

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Exclusive of Internal Service Funds, the State's proprietary funds reported Net Position of \$1.7 billion, an increase of \$266.8 million from the prior year fund balance restated.

### **Educational Institutions**





Net Position at June 30, 2015, totaled \$1.1 billion. Current period activity increased the Restated Net Position of the State's educational institutions by \$167 million, or 18.2 percent. For the fiscal year 2015, the State transferred \$794.9 million to the State's educational institutions, an increase of \$107.9 million, or 15.7 percent, from fiscal year 2014.

## DISCRETE COMPONENT UNITS

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These are operations for which the State has financial accountability or the nature and significance of their relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. All of the State's discrete component units are presented in the financial statements.

The State's discretely presented major component units are:





-  New Mexico Finance Authority
-  New Mexico Mortgage Finance Authority
-  New Mexico Lottery Authority
-  UNM-Sandoval Regional Medical Center

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

-  University of New Mexico Foundation, Inc.
-  University of New Mexico Medical Group
-  New Mexico State University Foundation, Inc.
-  Charter Schools and Charter School Foundations

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

## CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

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### Capital Asset Activity

At June 30, 2015, the State reported \$7.6 billion in capital assets net of accumulated depreciation for governmental activities and \$2.4 billion in capital assets net of accumulated depreciation for business-type activities. This investment in capital assets includes land, buildings, improvements, machinery and equipment, mineral rights, roads, highways and bridges. The change in the State's investment in capital assets for the current fiscal year was a decrease of 4 percent for governmental activities and approximately no change for business-type activities.

As provided by GASB standards, the State elected to use the depreciation method to account for infrastructure assets (roads and bridges). This method requires the State to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense. Another allowable methodology is to use the modified approach to record infrastructure. The State elected to use the depreciation method.

Refer to Note 6 of the financial statements for additional information on capital assets.

### Long-term Debt Activity

The State Constitution and Law authorizes the State to issue general obligation bonds, severance tax bonds, and revenue bonds to finance or refinance the cost of State capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the State and payable from legally restricted revenues. During the past year, the State continued to maintain a high bond rating from Moody's Investors Services (Moody's) and Standard & Poor's Corporation (S&P) on all State bonds.



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

The State had the following bond ratings at June 30, 2015:

### State of New Mexico Bond Ratings at June 30, 2015

Bonds	Moody's	Standard & Poor's
General Obligation Bonds	Aaa	AA+
Severance Tax Bonds	Aa1	AA
Supplemental Severance Tax Bonds	Aa2	AA-
State Transportation Revenue Bonds Senior Lien	Aa2	AAA
State Transportation Revenue Bonds Subordinate Lien	AA	Aa1

The State issued no Severance Tax Bonds during 2015. The State issued General Obligation Bonds of \$141.6 million for fiscal year 2015. The State issued \$323.8 million Revenue Bonds during 2015.

Refer to Note 8 to the financial statements for additional information on the State's long-term debt and other liabilities.

### State of New Mexico Net Outstanding Bonded Debt as of June 30, 2015 (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2014 to 2015
	2015	2014	2015	2014	2015	2014	
General Obligation Bonds, Net	\$ 389,270	\$ 311,270	\$ -	\$ -	\$ 389,270	\$ 311,270	25.1 %
Severance Tax Bonds, Net	641,415	760,080	-	-	641,415	760,080	(15.6) %
Revenue Bonds, Net	1,423,069	1,520,839	730,667	808,463	2,153,736	2,329,302	(7.5) %
Bond Premium, Discount, Net	257,935	252,771	31,554	15,429	289,489	268,200	7.9 %
<b>Total Bonds Payable</b>	<b>\$ 2,711,689</b>	<b>\$ 2,844,960</b>	<b>\$ 762,221</b>	<b>\$ 823,892</b>	<b>\$ 3,473,910</b>	<b>\$ 3,668,852</b>	<b>(5.3) %</b>

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

### ECONOMIC CONDITIONS AND OUTLOOK

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#### **Fiscal Year 2015: Broad Based Economic Recovery Amidst Lower Energy Prices**

New Mexico's economy continued to recover in Fiscal Year 2015, experiencing stronger growth than seen in Fiscal Year 2014. Although total Fiscal Year 2015 remained positive versus 2014, the downturn in oil and natural gas prices began to reduce revenues in the latter part of the fiscal year.

Real gross state product increased 2.5 percent in Fiscal Year 2015, after growing 1.9 percent in Fiscal Year 2014. Total General Fund revenues rose 3.2 percent after expanding 5.8 percent in the prior fiscal year.

New Mexico's general sales tax revenue, which includes gross receipts tax and compensating tax, increased 4.7 percent in Fiscal Year 2015, propelled by growth in the professional services, construction, retail, health, and accommodation and food services sectors. Taxable gross receipts, a broad-based measure of economic activity and the base for one-third of New Mexico's general Fund revenue, grew 6.8 percent in Fiscal Year 2015. Gross receipts tax revenues rose slower than the underlying tax base in Fiscal Year 2015 reflecting an increase in business incentive tax credit claims.

Selective sales taxes, which include insurance premiums tax and motor vehicle excise tax, soared 10.0 percent as the effects of the Affordable Care Act and Medicaid expansion increased health insurance coverage and annual premiums. Low interest rates and gasoline prices, and growing consumer confidence encouraged vehicle purchases which boosted motor vehicle excise tax revenues.

Oil and natural gas related revenues declined by 10.4 percent in Fiscal Year 2015, driven by falling energy prices. In spite of lower prices, New Mexico natural gas production volumes remained steady and oil production surged 24 percent, to a level roughly double what the state produced just four years.

Income tax revenues rose 9.8 percent in Fiscal Year 2015. Corporate income tax receipts swelled 29.3 percent impacted in part by the ending of incentive depreciation included in Economic Stimulus Act of 2008, which resulted in larger allowable deductions in Fiscal Year 2014 versus Fiscal Year 2015. Personal income tax, which is the more significant and stable revenue source for the state, comprising about one-fifth of General Fund revenue, grew by 6.8 percent in Fiscal Year 2015.

The federal Economic Stimulus Act of 2008 allows taxpayers to claim 50 percent of an asset's basis as "bonus depreciation" in the year the asset is placed in service. Taxpayers may then claim the regular depreciation amount on the remaining 50 percent of the asset's basis. This provision applies to assets placed in service after Dec. 31, 2007, and before Jan. 1, 2015, for most property, and before Jan. 1, 2016, for certain property with longer production periods.

#### **Fiscal Year 2016: Sharp Energy Sector Declines, Offset by Growth in the Remainder of New Mexico's Economy**

Employment expansion moderated in the first half of Fiscal Year 2016 compared to Fiscal Year 2015, nonetheless growth remained positive. Employment losses in mining and energy related sectors that began at the end of Fiscal Year 2015 intensified in Fiscal Year 2016, however they were offset by employment gains in the health and leisure and hospitality sectors. Energy related job levels began to stabilize towards the end of Fiscal Year 2016 and growth in other private sectors continued.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Commodity price declines have been a drag on the New Mexico economy at the start of Fiscal Year 2016. In January and February of 2016, crude oil prices dipped below \$27 per barrel reaching their lowest level in over a decade and were \$33 below where they stood when Fiscal Year 2016 began; this after falling by \$46 during Fiscal Year 2015. Natural gas prices were also weak and established a new inflation-adjusted low, their lowest nominal price in 17 years. As a consequence, severance tax revenue declined severely along with income tax and gross receipts tax receipts reduction in the oil and gas drilling industry. Oil prices bottomed out mid-first quarter and have generally strengthened since then.

Reflective of flagging energy prices, taxable gross receipts declined 6.7 percent in the first half of Fiscal Year 2016, as lower energy development activities more than offset continued moderate recovery in New Mexico's larger metro areas around Albuquerque, Las Cruces, and Santa Fe and strong growth in Los Alamos and Taos counties.

Construction sector taxable gross receipts grew by 0.7% in the first half of Fiscal Year 2016. Residential construction and building permits remain far below normal levels for New Mexico as households continuing to pay down debt setting the stage for future growth.

New Mexico home prices declined significantly when the national housing bubble burst as did housing values of the all surrounding states, however New Mexico home prices remained flat into Fiscal Year 2014. Throughout Fiscal Year 2015 and the first half of Fiscal Year 2016 home price have experienced moderate growth. This growth is a prerequisite for residential home construction to return to historically normal levels.

## CONTACT THE STATE'S FINANCIAL MANAGEMENT

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Questions about this report or requests for additional financial information may be addressed to:

State of New Mexico  
Department of Finance and Administration  
Financial Control Division  
407 Galisteo Street  
Bataan Memorial Building, Room 166  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

# FINANCIAL SECTION

## BASIC FINANCIAL STATEMENTS



SANTA FE INDIAN MARKET – SANTA FE, NEW MEXICO  
SOURCE – [HDP.DIGITAL.USEMBASSY.GOV](http://HDP.DIGITAL.USEMBASSY.GOV)

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION

June 30, 2015

(In Thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 981,026	\$ 612,140	\$ 1,593,166	\$ 160,706
Cash and Cash Equivalents - Restricted	-	10,143	10,143	189,064
Investment in State General Fund Investment Pool	2,351,345	171,010	2,522,355	-
Investment in Local Government Investment Pool	-	79,235	79,235	-
Internal Balances	(1,960)	1,960	-	-
Due From Component Units	3,095	84,086	87,181	-
Due From Primary Government	-	-	-	33,057
Receivables, Net	1,196,601	428,919	1,625,520	70,752
Due From Other Parties	1,112,574	-	1,112,574	-
Loans Receivable, Net	-	-	-	77,557
Investments	25,136	345,554	370,690	31,762
Prepaid Expenses	17,849	6,128	23,977	2,139
Inventories	34,622	27,452	62,074	2,558
Other Current Assets	-	12,098	12,098	1,968
Total Current Assets	5,720,288	1,778,725	7,499,013	569,563
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	-	59,096	59,096	18,924
Restricted Investments	-	-	-	1,171,054
Loans Receivable, Net	-	200,074	200,074	973,311
Receivables, Net	35,175	-	35,175	-
Due From Component Units	-	31,452	31,452	-
Due From Primary Government	-	-	-	314,066
Investments	19,353,481	510,986	19,864,467	303,421
Derivative Instruments - Interest Rate Swaps	-	2,116	2,116	-
Net Pension Assets	21,042	-	21,042	-
Other Noncurrent Assets	-	10,061	10,061	154,768
Nondepreciable Capital Assets	1,013,477	192,652	1,206,129	20,563
Other Capital Assets, Net	6,597,245	2,164,954	8,762,199	221,222
Total Noncurrent Assets	27,020,420	3,171,391	30,191,811	3,177,329
Total Assets	32,740,708	4,950,116	37,690,824	3,746,892
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Interest Rate Swaps	61,107	11,151	72,258	-
Deferred Charge on Refunding	59,107	2,103	61,210	1,339
Deferred Outflows - Pension	183,198	142,212	325,410	19,516
Total Deferred Outflows of Resources	303,412	155,466	458,878	20,855

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION (CONTINUED)

June 30, 2015

(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 496,186	\$ 197,387	\$ 693,573	\$ 13,561
Accrued Liabilities	50,907	101,007	151,914	24,507
Accrued Interest	23,060	1,797	24,857	-
Unearned Revenue	13,488	86,180	99,668	2,237
Due to Primary Government	-	-	-	87,181
Due to Component Units - Other	6,395	8,447	14,842	-
Due to Component Units - Bonds Payable/Loans	11,297	6,918	18,215	-
Due To Broker	649,085	-	649,085	-
Intergovernmental Payables	59,199	-	59,199	-
Other Obligations	718,836	-	718,836	2,182
Funds Held for Others	36,589	14,697	51,286	11,173
Bonds Payable - Current Portion	295,233	28,232	323,465	93,160
Notes Payable	11,631	16,398	28,029	-
Other Liabilities - Current Portion	226,670	57,831	284,501	165,492
Total Current Liabilities	<u>2,598,576</u>	<u>518,894</u>	<u>3,117,470</u>	<u>399,493</u>
Noncurrent Liabilities:				
Bonds Payable, Net of Current Portion	2,343,977	643,579	2,987,556	1,833,580
Due to Component Units - Bonds Payable/Loans	196,507	117,559	314,066	-
Due to Primary Government	-	-	-	31,452
Net Pension Liability	1,843,467	1,699,360	3,542,827	109,022
Other Liabilities, Net of Current Portion	379,603	181,675	561,278	101,213
Total Noncurrent Liabilities	<u>4,763,554</u>	<u>2,642,173</u>	<u>7,405,727</u>	<u>2,075,267</u>
Total Liabilities	<u>7,362,130</u>	<u>3,161,067</u>	<u>10,523,197</u>	<u>2,474,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow - pension	508,780	194,314	703,094	12,717
Deferred Inflow - other	-	1,221	1,221	898
	<u>508,780</u>	<u>195,535</u>	<u>704,315</u>	<u>13,615</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,356,468	1,589,677	6,946,145	38,469
Restricted for:				
Nonexpendable:				
Financial Aid	-	137,985	137,985	-
Endowment	-	77,897	77,897	-
Other Purposes	90,152	11,708	101,860	302,982
Expendable:				
Highway Construction and Maintenance	329,728	-	329,728	-
Education	809,964	-	809,964	-
Debt Service	191,802	44,120	235,922	79,466
Capital Projects	1,183,347	29,883	1,213,230	-
Scholarships	-	18,427	18,427	-
Unemployment and Insurance	-	215,981	215,981	-
Loan Programs	-	41,628	41,628	-
Other Purposes	10,053,744	409,392	10,463,136	663,083
Unrestricted Net Position	<u>7,158,005</u>	<u>(827,718)</u>	<u>6,330,287</u>	<u>195,372</u>
Total Net Position	<u>\$ 25,173,210</u>	<u>\$ 1,748,980</u>	<u>\$ 26,922,190</u>	<u>\$ 1,279,372</u>

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



# STATE OF NEW MEXICO

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(In Thousands)

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Control	\$ 993,220	\$ 1,880,869	\$ 16,334	\$ -
Culture, Recreation, and Natural Resources	203,319	59,392	42,446	-
Highway and Transportation	1,051,567	105,215	408,905	-
Judicial	255,761	6,243	5,125	-
Legislative	29,626	-	-	-
Public Safety	480,286	9,162	48,409	-
Regulation and Licensing	126,917	45,558	7,345	-
Health and Human Services	7,401,004	135,431	5,408,433	-
Education	4,024,669	8,726	419,251	-
Interest on Long-term Debt	131,154	-	-	-
<b>Total Governmental Activities</b>	<b>14,697,524</b>	<b>2,250,596</b>	<b>6,356,248</b>	<b>-</b>
Business-type Activities:				
Educational Institutions	3,041,713	1,567,129	608,007	12,524
Public Schools Insurance	363,373	351,731	-	-
Environmental Loans	441	-	11,830	-
Miners' Colfax Medical Center	24,967	17,450	-	-
Unemployment Insurance	193,479	-	7,230	-
State Fair - EXPO	15,417	11,556	-	-
Other Business-type Activities	18,199	16,304	-	-
<b>Total Business-type Activities</b>	<b>3,657,589</b>	<b>1,964,170</b>	<b>627,067</b>	<b>12,524</b>
<b>Total Primary Government</b>	<b>\$ 18,355,113</b>	<b>\$ 4,214,766</b>	<b>\$ 6,983,315</b>	<b>\$ 12,524</b>
<b>Discretely Presented Component Units</b>				
New Mexico Finance Authority	\$ 108,687	\$ 52,769	\$ 64,031	\$ -
New Mexico Mortgage Finance Authority	41,348	6,560	38,815	-
Other Major Component Units	537,641	407,372	76,713	-
Nonmajor Component Units	32,126	10,834	25,900	-
<b>Total Component Unit Activities</b>	<b>\$ 719,802</b>	<b>\$ 477,535</b>	<b>\$ 205,459</b>	<b>\$ -</b>

### General Revenues:

Taxes:
Individual Income
Corporate Income
Gross Receipts Taxes
Business Privilege
Unemployment Insurance
Other Taxes
Payment From State of New Mexico
Payment To State of New Mexico
Operating Investment Income
Non Operating Investment Income and Other
Miscellaneous
<i>Special Item</i> - Provision for Potential Loss on the
State General Fund Investment Pool
Native American Water Settlement
Arizona Water Settlement
Reduction of Receivable, Internal Service Fund
Transfers, Net
Total Net General Revenues and Transfers

### Change in Net Position

Net Position - Beginning, as Restated -

See Note 9.C.

Net Position - Ending

# STATE OF NEW MEXICO

## STATEMENT OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 903,983	\$ -	\$ 903,983	\$ -
(101,481)	-	(101,481)	-
(537,447)	-	(537,447)	-
(244,393)	-	(244,393)	-
(29,626)	-	(29,626)	-
(422,715)	-	(422,715)	-
(74,014)	-	(74,014)	-
(1,857,140)	-	(1,857,140)	-
(3,596,692)	-	(3,596,692)	-
(131,154)	-	(131,154)	-
(6,090,679)	-	(6,090,679)	-
-	(854,053)	(854,053)	-
-	(11,642)	(11,642)	-
-	11,389	11,389	-
-	(7,517)	(7,517)	-
-	(186,249)	(186,249)	-
-	(3,861)	(3,861)	-
-	(1,895)	(1,895)	-
-	(1,053,828)	(1,053,828)	-
(6,090,679)	(1,053,828)	(7,144,507)	-
-	-	-	8,113
-	-	-	4,027
-	-	-	(53,556)
-	-	-	4,608
-	-	-	(36,808)
1,451,288	-	1,451,288	-
262,600	-	262,600	-
2,304,648	-	2,304,648	-
1,934,022	-	1,934,022	-
25,884	269,593	295,477	-
7,540	-	7,540	-
-	-	-	148,816
-	-	-	(71,923)
1,212,060	9,292	1,221,352	-
257	3,860	4,117	10,967
128,778	240,341	369,119	22,588
-	-	-	-
100,000	-	100,000	-
(15,561)	-	(15,561)	-
9,040	-	9,040	-
(977)	-	(977)	-
(797,559)	797,559	-	-
6,622,020	1,320,645	7,942,665	110,448
531,341	266,817	798,158	73,640
24,641,869	1,482,163	26,124,032	1,205,732
\$ 25,173,210	\$ 1,748,980	\$ 26,922,190	\$ 1,279,372

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

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# STATE OF NEW MEXICO

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### **General Fund**

This fund is the principal operating fund of the State. It accounts for financial resources of the general government except those required to be accounted for in another fund.

### **Debt Service Fund**

This fund accumulates resources in order to pay the debt service on the State's long-term debt.

### **Capital Projects Fund**

This fund accounts for all resources used to fund the capital improvement projects in the State.

### **Severance Tax Fund**

This special revenue fund accounts for the annual portion of severance taxes generated from the production of minerals and other natural resources and distributes the monies to the State General Fund.

### **Land Grant Fund**

This special revenue fund accounts for all of the resources of the State's Land Grant Fund.

# STATE OF NEW MEXICO

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015  
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 110,756	\$ 33,858	\$ -
Investment in the State General Fund Investment Pool	645,913	193,740	1,302,725
Prepaid Expenses	17,849	-	-
Due From Other Funds	143,390	120,106	59,543
Due From Component Unit	3,095	-	-
Due from Other Parties	1,112,574	-	-
Receivables, Net	696,303	713	974
Investments	272,068	-	-
Inventories	34,584	-	-
<b>Total Assets</b>	<b>3,036,532</b>	<b>348,417</b>	<b>1,363,242</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges - Water Projects	44,215	-	-
<b>Total Deferred Outflows of Resources</b>	<b>44,215</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,080,747</b>	<b>\$ 348,417</b>	<b>\$ 1,363,242</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 437,750	\$ 492	\$ 44,334
Accrued Liabilities	49,241	-	221
Due To Other Funds	164,789	8,794	96,233
Due to Component Unit	6,395	-	-
Due to Brokers	-	-	-
Intergovernmental Payables	59,195	-	4
Funds Held For Others	31,626	-	398
Other Obligations	346,699	147,330	25,591
Unearned Revenue	13,312	-	176
<b>Total Liabilities</b>	<b>1,109,007</b>	<b>156,616</b>	<b>166,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	101,597	-	2,178
	<b>101,597</b>	<b>-</b>	<b>2,178</b>
<b>FUND BALANCES</b>			
Nonspendable	52,433	-	-
Restricted	916,201	191,801	1,183,349
Committed	695,182	-	10,758
Assigned	16,395	-	-
Unassigned (Deficit)	189,932	-	-
<b>Total Fund Balances</b>	<b>1,870,143</b>	<b>191,801</b>	<b>1,194,107</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,080,747</b>	<b>\$ 348,417</b>	<b>\$ 1,363,242</b>

# STATE OF NEW MEXICO

## BALANCE SHEET GOVERNMENTAL FUNDS (CONTINUED) June 30, 2015 (In Thousands)

	Severance Tax Fund	Land Grant Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 221,213	\$ 615,199	\$ 981,026
Investment in the State General Fund Investment Pool	1	42,581	2,184,960
Prepaid Expenses	-	-	17,849
Due From Other Funds	2,732	8,219	333,990
Due From Component Unit	-	-	3,095
Due from Other Parties	-	-	1,112,574
Receivables, Net	110,878	412,386	1,221,254
Investments	4,600,690	14,505,860	19,378,618
Inventories	-	-	34,584
<b>Total Assets</b>	<b>4,935,514</b>	<b>15,584,245</b>	<b>25,267,950</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges - Water Projects	-	-	44,215
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>44,215</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,935,514</b>	<b>\$ 15,584,245</b>	<b>\$ 25,312,165</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 482,576
Accrued Liabilities	-	-	49,462
Due To Other Funds	16,268	48,422	334,506
Due to Component Unit	-	-	6,395
Due to Brokers	-	649,086	649,086
Intergovernmental Payables	-	-	59,199
Funds Held For Others	-	4,565	36,589
Other Obligations	188,896	-	708,516
Unearned Revenue	-	-	13,488
<b>Total Liabilities</b>	<b>205,164</b>	<b>702,073</b>	<b>2,339,817</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	-	-	103,775
	-	-	103,775
<b>FUND BALANCES</b>			
Nonspendable	-	10,000,000	10,052,433
Restricted	4,730,350	4,882,172	11,903,873
Committed	-	-	705,940
Assigned	-	-	16,395
Unassigned (Deficit)	-	-	189,932
<b>Total Fund Balances</b>	<b>4,730,350</b>	<b>14,882,172</b>	<b>22,868,573</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,935,514</b>	<b>\$ 15,584,245</b>	<b>\$ 25,312,165</b>

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



# STATE OF NEW MEXICO

## RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2015  
(In Thousands)

**Total Fund Balances - Governmental Funds** \$ 22,868,573

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

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

Land and Other Nondepreciable Assets	\$ 1,013,477	
Buildings, Equipment, Infrastructure and Other Depreciable Assets (not including \$40,745 in Internal Service Fund balance)	17,427,472	
Accumulated Depreciation	<u>(10,870,972)</u>	7,569,977

Assets (receivables) not available to provide current resources are offset with deferred inflows of resources in the fund statements. The reduction of the liability and recognition of revenue increases net position in the Statement of Net Position. 103,775

Deferred inflow of resources - Water Projects (44,215)

Deferred outflow of resources - Interest rate swaps 61,107

The deferred loss on bond refunding issues is not recognized in the governmental funds, but is recognized in the government-wide statements. 59,107

The net pension asset for the pension fund which has a positive net position is not reported in the funds statements 21,042

The pension-related deferred outflows of resources are not recognized in the (Excludes internal service portion)

The pension-related deferred inflows of resources are not recognized in the governmental fund financial statements. (excludes internal service portion) (500,613)

Internal service funds (ISF) are used by management to charge for certain activities, such as insurance, information technology, fleet operations, printing, and telecommunications. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (35,554)

Accrued interest payable is not recognized in the governmental funds statements (23,060)

Unlocated difference between fund statements and government wide statements related to other obligations. (refer to finding 2013-005) (10,320)

Rounding (3)

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

Net pension liability	\$ (1,813,896)	
Bond payable, including bond premium (excludes due to component units)	(2,639,210)	
Loans payable to component unit, capital leases, compensated absences, and other liabilities	(825,708)	
Less: Amounts already included in Internal Service Funds balances	<u>201,953</u>	<u>(5,076,861)</u>

**Total Net Position - Governmental Activities** \$ 25,173,210

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

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# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015  
(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund
<b>REVENUES</b>			
Taxes:			
General and Selective Taxes	\$ 3,691,244	\$ 533,829	5,112
Income Taxes	1,693,664	-	-
Total Taxes	<u>5,384,908</u>	<u>533,829</u>	<u>5,112</u>
Other Revenues:			
Federal Revenue	6,359,560	-	4,124
Investment Income (Loss)	552,535	9,066	9
Rentals and Royalties	610,115	-	1,366
Charges for Services	124,674	-	-
Licenses, Fees, and Permits	293,242	2,040	-
Assessments	25,792	-	-
Miscellaneous and Other	176,994	70	79
<b>Total Revenues</b>	<u>13,527,820</u>	<u>545,005</u>	<u>10,690</u>
<b>EXPENDITURES</b>			
Current:			
Culture, Recreation, and Natural Resources	192,396	332	17,640
Education	3,463,624	-	58,919
General Control	464,039	762	22,667
Health and Human Services	7,324,323	-	30,701
Highway and Transportation	457,327	320	4,620
Judicial	250,151	-	209
Legislative	27,696	-	-
Public Safety	470,091	-	315
Regulation and Licensing	118,133	2,490	944
Severance Tax	-	-	-
Capital Outlay	353,310	958	90,040
Debt Service:			
Principal	75,630	209,136	-
Interest and Other Charges	58,402	69,794	-
<b>Total Expenditures</b>	<u>13,255,122</u>	<u>283,792</u>	<u>226,055</u>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	<u>272,698</u>	<u>261,213</u>	<u>(215,365)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	-	-	141,635
Bond Premium	-	17,026	26,120
Refunding Bonds Issued	-	79,405	-
Proceeds from the Sale of Capital Assets	1,136	-	-
Transfers In	6,493,383	172,435	567,434
Transfers Out	(6,643,151)	(507,920)	(566,880)
Payment to Refunding Bond Escrow Agent	-	(96,083)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(148,632)</u>	<u>(335,137)</u>	<u>168,309</u>
<b>SPECIAL ITEM</b>			
Reduction of Loss Contingency	100,000	-	-
Native American Water Rights Settlement	(549)	-	(15,012)
Arizona Water Settlement	9,040	-	-
	<u>108,491</u>	<u>-</u>	<u>(15,012)</u>
<b>Net Change in Fund Balances</b>	232,557	(73,924)	(62,068)
<b>Fund Balances - Beginning, as Restated - See Note 9.C.</b>	1,637,586	265,725	1,256,175
<b>Fund Balances - Ending</b>	<u>\$ 1,870,143</u>	<u>\$ 191,801</u>	<u>1,194,107</u>

# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015  
(In Thousands)

	Severance Tax Fund	Land Grant Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
General and Selective Taxes	\$ -	\$ -	\$ 4,230,185
Income Taxes	-	-	1,693,664
Total Taxes	-	-	5,923,849
Other Revenues:			
Federal Revenue	-	-	6,363,684
Investment Income (Loss)	155,115	495,273	1,211,998
Rentals and Royalties	-	669,521	1,281,002
Charges for Services	-	-	124,674
Licenses, Fees, and Permits	-	-	295,282
Assessments	-	-	25,792
Miscellaneous and Other	-	-	177,143
<b>Total Revenues</b>	<b>155,115</b>	<b>1,164,794</b>	<b>15,403,424</b>
<b>EXPENDITURES</b>			
Current:			
Culture, Recreation, and Natural Resources	-	-	210,368
Education	-	502,757	4,025,300
General Control	-	-	487,468
Health and Human Services	-	710	7,355,734
Highway and Transportation	-	-	462,267
Judicial	-	-	250,360
Legislative	-	-	27,696
Public Safety	-	-	470,406
Regulation and Licensing	-	-	121,567
Severance Tax	-	-	-
Capital Outlay	-	-	444,308
Debt Service:			
Principal	-	-	284,766
Interest and Other Charges	-	-	128,196
<b>Total Expenditures</b>	<b>-</b>	<b>503,467</b>	<b>14,268,436</b>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>155,115</b>	<b>661,327</b>	<b>1,134,988</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	-	-	141,635
Bond Premium	-	-	43,146
Refunding Bonds Issued	-	-	79,405
Proceeds from the Sale of Capital Assets	-	-	1,136
Transfers In	-	-	7,233,252
Transfers Out	(193,023)	(124,484)	(8,035,458)
Payment to Refunding Bond Escrow Agent	-	-	(96,083)
<b>Total Other Financing Sources (Uses)</b>	<b>(193,023)</b>	<b>(124,484)</b>	<b>(632,967)</b>
<b>SPECIAL ITEM</b>			
Reduction of Loss Contingency	-	-	100,000
Native American Water Rights Settlement	-	-	(15,561)
Arizona Water Settlement	-	-	9,040
	-	-	93,479
<b>Net Change in Fund Balances</b>	<b>(37,908)</b>	<b>536,843</b>	<b>595,500</b>
<b>Fund Balances - Beginning, as Restated -</b>			
See Note 9.C.	4,768,258	14,345,329	22,273,073
<b>Fund Balances - Ending</b>	<b>\$ 4,730,350</b>	<b>\$ 14,882,172</b>	<b>\$ 22,868,573</b>

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

# STATE OF NEW MEXICO

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(In Thousands)

**Net Change in Fund Balances - Total Governmental Funds** \$ 595,500

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 as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 474,096	
Depreciation expense	<u>(745,736)</u>	
Excess of capital outlay over depreciation expense		(271,640)

Loss on disposal of capital assets is not reported in the funds statements (20,943)

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. 33,267

Internal service funds are used by management to charge for certain activities, such as fleet operations, risk management, printing and records, communications services, and information processing. The net revenue (expense) of the internal service funds is reported with governmental activities. 41,238

Bond proceeds, notes, and capital leases provide current financial resources to governmental activities by issuing debt, which increases long-term liabilities in the Statement of Net Position. Repayments of the bond, notes, and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position:

Payment of Bond, Note, and Capital Lease Principal	284,765	
Bond and Note Proceeds, Net	<u>(178,922)</u>	105,843

Governmental funds report the effect of bond premium and discount items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. 34,215

The deferred loss on refunding bond issues is capitalized and the amortization is reported in the Statement of Activities. (23,139)

Pension expense of governmental funds is recognized in the Statement of Activities, but not in the funds statements. (47,379)

Expenditures are recognized in the governmental funds when paid or due for items normally paid with available financial resources; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net change of the following balances:

Compensated Absences Expense	\$ 4,574	
Pollution Remediation Obligation	(1,869)	
Accrued Interest on Bonds Payable	1,129	
Native American Water Rights Liability	23,195	
Contingent Liability	(268)	
Claims and Judgements	403	
Change in Ineffective Swaps - Derivatives	304	
Other Liabilities	<u>56,911</u>	<u>84,379</u>

**Change in Net Position of Governmental Activities** **\$ 531,341**

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



# STATE OF NEW MEXICO

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## PROPRIETARY FUND FINANCIAL STATEMENTS

### **Educational Institutions Fund**

This fund accounts for the resources used to operate the seven institutions of higher education and three other schools, which were created by the *Constitution of the State of New Mexico*. These institutions are the University of New Mexico, New Mexico State University, New Mexico Highlands University, New Mexico Institute of Mining and Technology, Western New Mexico University, Eastern New Mexico University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Visually Handicapped, and the New Mexico School for the Deaf.

### **Nonmajor Enterprise Funds**

Nonmajor enterprise funds are presented in the Financial Section - Required and Supplemental Information.

### **Internal Service Fund**

Nonmajor internal service funds are presented in the Financial Section - Required and Supplemental Information.

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

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2015

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 398,768	\$ 213,372	\$ 612,140	\$ -
Cash and Cash Equivalents - Restricted	10,143	-	10,143	-
Investment in the State General Fund Investment Pool	-	171,010	171,010	166,386
Investment in the Local Government Investment Pool	33,964	45,271	79,235	-
Due From Other Funds	-	2,274	2,274	31,749
Due From Component Unit	84,086	-	84,086	-
Receivables, Net	342,298	86,621	428,919	10,522
Investments	345,554	-	345,554	-
Inventories	25,542	1,910	27,452	40
Other Current Assets	17,914	312	18,226	-
<b>Total Current Assets</b>	<b>1,258,269</b>	<b>520,770</b>	<b>1,779,039</b>	<b>208,697</b>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents	55,154	3,942	59,096	-
Loans Receivable	28,093	171,981	200,074	-
Investments	479,788	31,198	510,986	-
Due From Component Units	31,452	-	31,452	-
Derivative Instruments - Interest Rate Swaps	2,116	-	2,116	-
Other Noncurrent Assets	10,061	-	10,061	-
Nondepreciable Capital Assets	190,661	1,991	192,652	7,840
Capital Assets, Net	2,093,263	71,691	2,164,954	32,905
<b>Total Noncurrent Assets</b>	<b>2,890,588</b>	<b>280,803</b>	<b>3,171,391</b>	<b>40,745</b>
<b>Total Assets</b>	<b>4,148,857</b>	<b>801,573</b>	<b>4,950,430</b>	<b>249,442</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Interest Rate Swaps	11,151	-	11,151	-
Deferred Charge on Refunding	2,103	-	2,103	-
Deferred Outflows - Pension	140,231	1,981	142,212	2,943
<b>Total Deferred Outflows of Resources</b>	<b>153,485</b>	<b>1,981</b>	<b>155,466</b>	<b>2,943</b>

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED)

June 30, 2015

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 189,134	\$ 8,253	\$ 197,387	\$ 13,610
Accrued Liabilities	96,666	6,138	102,804	1,445
Unearned Revenue	74,977	11,203	86,180	-
Due to Other Funds	-	314	314	33,193
Due to Component Unit	15,328	37	15,365	-
Intergovernmental Payables	-	-	-	-
Funds Held for Others	14,697	-	14,697	-
Bonds Payable	27,322	910	28,232	-
Other Liabilities	46,329	27,900	74,229	100,461
<b>Total Current Liabilities</b>	<b>464,453</b>	<b>54,755</b>	<b>519,208</b>	<b>148,709</b>
Noncurrent Liabilities:				
Bonds Payable	630,679	12,900	643,579	-
Net Pension Liability	1,679,453	19,907	1,699,360	29,571
Due to Component Unit	117,559	-	117,559	-
Other Liabilities	132,339	49,336	181,675	101,492
<b>Total Noncurrent Liabilities</b>	<b>2,560,030</b>	<b>82,143</b>	<b>2,642,173</b>	<b>131,063</b>
<b>Total Liabilities</b>	<b>3,024,483</b>	<b>136,898</b>	<b>3,161,381</b>	<b>279,772</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow - Pension	188,817	5,497	194,314	8,167
Deferred Inflow - Other	1,221	-	1,221	-
<b>Total Deferred Inflows of Resources</b>	<b>190,038</b>	<b>5,497</b>	<b>195,535</b>	<b>8,167</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,534,305	55,372	1,589,677	40,746
Restricted:				
Nonexpendable:				
Scholarships and Student Loans	137,985	-	137,985	-
Endowment	77,897	-	77,897	-
Land Grant Permanent Fund	-	-	-	-
Other Purposes	11,708	-	11,708	-
Expendable:				
Debt Service	44,120	-	44,120	-
Capital Projects	27,008	2,876	29,884	-
Scholarships	18,427	-	18,427	-
Unemployment and Insurance	-	215,981	215,981	-
Loans	20,868	20,759	41,627	-
Other Purposes	31,443	377,948	409,391	44,042
Unrestricted (Deficit)	(815,940)	(11,777)	(827,717)	(120,342)
<b>Total Net Position</b>	<b>\$ 1,087,821</b>	<b>\$ 661,159</b>	<b>\$ 1,748,980</b>	<b>\$ (35,554)</b>

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

# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 287,516	\$ 397,040	\$ 684,556	\$ 515,416
Unemployment Insurance	-	269,593	269,593	-
Federal Revenue	383,353	-	383,353	-
State, Local, and Private Grants and Contracts	-	-	-	-
Loans and Other Income	-	9,296	9,296	103
Student Tuition and Fees, Net	262,145	-	262,145	-
Patient Services/Clinical Operations	901,440	-	901,440	-
Other Operating Revenues	213,173	16,107	229,280	1,242
<b>Total Operating Revenues</b>	<u>2,047,627</u>	<u>692,036</u>	<u>2,739,663</u>	<u>516,761</u>
<b>OPERATING EXPENSES</b>				
Benefits, Claims, and Premiums	-	193,479	193,479	-
Education and General	1,628,477	396,814	2,025,291	467,828
Insurance Losses	-	-	-	-
Depreciation and Amortization	160,914	4,922	165,836	11,319
Other Operating Expenses	1,221,442	20,311	1,241,753	18
<b>Total Operating Expenses</b>	<u>3,010,833</u>	<u>615,526</u>	<u>3,626,359</u>	<u>479,165</u>
<b>Operating Income (Loss)</b>	<u>(963,206)</u>	<u>76,510</u>	<u>(886,696)</u>	<u>37,596</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Clinical Operations	116,027	-	116,027	-
Private Grants and Gifts	38,916	-	38,916	-
Government Grants and Contracts	185,739	19,060	204,799	-
Interest and Investment Income	2,627	1,229	3,856	14
Interest and Other Expenses on Capital				
Interest-related Debt	(30,880)	(349)	(31,229)	-
Gain (Loss) on Sale of Capital Assets	(1,220)	-	(1,220)	(41)
Intergovernmental Grants	-	-	(0)	-
Other Revenue (Expense)	11,850	431	12,281	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>323,059</u>	<u>20,371</u>	<u>343,430</u>	<u>(27)</u>
<b>Income (Loss) Before Transfers and Other Revenues (Expenses)</b>	<u>(640,147)</u>	<u>96,881</u>	<u>(543,266)</u>	<u>37,569</u>
<b>CAPITAL CONTRIBUTIONS AND ENDOWMENTS</b>				
Capital Grants and Gifts	9,399	-	9,399	-
Permanent Fund/Endowment Contributions	3,125	-	3,125	-
<b>Total Capital Contributions and Endowments</b>	<u>12,524</u>	<u>-</u>	<u>12,524</u>	<u>-</u>
<b>TRANSFERS</b>				
Transfers In	794,926	4,485	799,411	35,384
Transfers Out	-	(1,852)	(1,852)	(30,737)
<b>Total Transfers</b>	<u>794,926</u>	<u>2,633</u>	<u>797,559</u>	<u>4,647</u>
<b>Special Item</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(977)</u>
<b>Change in Net Position</b>	<u>167,303</u>	<u>99,514</u>	<u>266,817</u>	<u>41,238</u>
<b>Net Position - Beginning, as Restated - See Note 9.C.</b>	<u>920,518</u>	<u>561,645</u>	<u>1,482,163</u>	<u>(76,792)</u>
<b>Net Position - Ending</b>	<u>\$ 1,087,821</u>	<u>\$ 661,159</u>	<u>\$ 1,748,980</u>	<u>\$ (35,554)</u>

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

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# STATE OF NEW MEXICO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from:				
Fees for Service	\$ 263,449	\$ 389,340	\$ 652,789	\$ 516,902
Sale of Products	274,333	8,144	282,477	-
Gifts, Grants, and Contracts	542,930	-	542,930	-
Loan and Note Repayments	-	18,447	18,447	-
Unemployment Insurance	-	275,208	275,208	-
Other Sources	967,890	15,023	982,913	36
Cash Payments to or for:				
Suppliers	(854,945)	(82,552)	(937,497)	(458,956)
Employees	(1,847,665)	(21,962)	(1,869,627)	(22,873)
Unemployment Benefits	-	(194,618)	(194,618)	-
Student Loans and Loan Losses	(100,605)	(293,227)	(393,832)	-
Other Payments	(24,663)	(42,837)	(67,500)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(779,276)</b>	<b>70,967</b>	<b>(708,309)</b>	<b>35,109</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	684,674	2,262	686,936	12,724
Transfers Out	(2,337)	(529)	(2,867)	(12,067)
Gifts for Other Than Capital Purposes	77,803	-	77,803	-
Intergovernmental Receipts	217,317	12,197	229,514	-
Other	31,197	275	31,472	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>1,008,654</b>	<b>14,205</b>	<b>1,022,858</b>	<b>657</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(180,641)	(1,788)	(182,429)	(8,674)
Capital Gifts, Grants, and Contracts	13,099	11,830	24,929	-
Capital Debt Service Payments - Principal	(325,781)	(1,514)	(327,295)	-
Capital Debt Service Payments - Interest	(39,023)	(320)	(39,343)	-
Capital Contributions and Debt Proceeds	311,354	-	311,354	-
Proceeds from Sale of Capital Assets	18,988	7	18,994	143
Other	27,503	(352)	27,151	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(174,502)</b>	<b>7,863</b>	<b>(166,639)</b>	<b>(8,531)</b>

# STATE OF NEW MEXICO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends of Investments	\$ 63,007	\$ 284	\$ 63,291	\$ 14
Purchase of Investments	(428,519)	(1,942)	(430,461)	-
Receipts of Rent	-	149	149	-
Proceeds from Sale and Maturity of Investments	400,564	85	400,650	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>35,052</u>	<u>(1,424)</u>	<u>33,629</u>	<u>14</u>
<b>Net Increase (Decrease) in Cash</b>	89,928	91,609	181,537	27,250
<b>Cash and Cash Equivalents at Beginning of Year</b>	408,102	341,986	750,087	139,137
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 498,030</u>	<u>\$ 433,595</u>	<u>\$ 931,624</u>	<u>\$ 166,387</u>
<b>Cash and Cash Equivalents</b>				
Unrestricted	\$ 398,768	\$ 213,372	\$ 612,140	\$ 0
Restricted	65,297	3,942	69,239	-
Investment in the State General Fund Investment Pool	-	171,010	171,010	166,387
Investment in the Local Government Investment Pool	33,964	45,271	79,235	-
<b>Total Cash and Cash Equivalents</b>	<u>\$ 498,029</u>	<u>\$ 433,595</u>	<u>\$ 931,624</u>	<u>\$ 166,387</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (963,206)	\$ 76,510	\$ (886,696)	\$ 37,596
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	160,914	4,922	165,836	11,319
Bad Debt Expense	68,667	5,264	73,931	-
Realized (Gain) Loss on Disposal of Assets	(360)	-	(360)	-
Unrealized (Gain) Loss on Investments	563	-	563	-
Change in Net Pension Liability	7,197	(405)	6,792	(601)
Change in Deferred Outflow of Resources	(1,075)	-	(1,075)	-
Change in Deferred Inflow of Resources	3,599	-	3,599	-
Net Changes in Assets and Liabilities Related to Operating Activities:				
Short-term Investments	(121)	(0)	(121)	-
Receivables/Due From Other Funds	(105,784)	(15,596)	(121,381)	90
Notes/Loans	920	2	923	-
Inventories	(3,579)	(447)	(4,025)	223
Prepaid Items/Other Assets	(1,491)	9	(1,482)	115
Insurance Claims Payable	-	(352)	(352)	(1,977)
Accounts Payable/Accrued Liabilities/Due To Other Funds	49,222	1,017	50,239	(11,656)
Loss Adjustments	(4,151)	-	(4,151)	-
Unearned Revenue	9,408	43	9,451	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (779,276)</u>	<u>\$ 70,967</u>	<u>\$ (708,309)</u>	<u>\$ 35,109</u>

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

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# STATE OF NEW MEXICO

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## FIDUCIARY FUNDS FINANCIAL STATEMENTS

### **Pension and Other Employee Benefits Trust Funds**

These funds account for the resources accumulated and held for the payment of retirement and other benefits under plans operated by the Public Employees Retirement Association, the Educational Retirement Board, and the Retiree Health Care Authority. Individual pension trust funds are presented in the Financial Section - Required and Other Supplementary Information.

### **External Investment Trust Funds**

These funds account for assets held by the State in a trustee capacity. The funds are held in custody for participants in the New Mexico State Treasurer's Investment Trust Funds and the State Investment Council External Investment Trust Funds. Individual external trust funds are presented in the Financial Section - Required and Other Supplementary Information.

### **Private Purpose Trust Funds**

These funds account for resources held under trust arrangements and which benefit individuals, organizations, and other governmental units. These funds include the Scholarship Fund, the Trust Fund, the Water Trust Fund, the Bartlett Trust Fund, the Children's Trust Fund, and the Children's Next Generation Trust Fund. Individual private purpose trust funds are presented in the Financial Section - Required and Other Supplementary Information.

### **Agency Funds**

These funds are used to report resources held by various State agencies in a purely custodial capacity for distribution to other parties. Individual agency funds are presented in the Financial Section - Required and Other Supplementary Information.

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

# STATE OF NEW MEXICO

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 407	\$ 202,265	\$ 13,019	\$ 499,154
Investment in State General Fund Investment Pool	49,651	-	4,543	1,029,518
Investment in Local Government Investment Pool	-	-	-	4,884
Investments:				
U.S. Government and Agency Securities	2,124,355	-	-	-
International Securities	7,167,010	-	-	-
Corporate Equity Securities	6,941,806	-	-	-
Corporate and Municipal Bonds	2,438,777	-	-	-
Partnerships and Other Investments	6,742,976	-	2,359,589	-
Securities Lending Collateral Investments	4	-	-	-
Investment Pools	-	-	56,163	-
Long Term Investments	-	357,390	-	21,521
Short Term Investments	1,343,015	-	-	608
Due From Other Parties	-	-	-	-
Receivables:				
Brokers	179,641	3,011	2,699	-
Contributions	96,431	-	-	-
Accrued Interest and Other	58,408	-	1,648	3,940
Participant Loans	9,178	-	-	375
Other Receivables	21,225	912	2,395	1,124,274
Other Assets	-	-	-	62,386
Capital Assets, Net	16,163	-	-	-
<b>Total Assets</b>	<b>27,189,047</b>	<b>563,578</b>	<b>2,440,056</b>	<b>\$ 2,746,660</b>
<b>LIABILITIES</b>				
Investment in State General Fund Investment Pool - Deficit	-	-	-	-
Accounts Payable	15,863	-	-	49,144
Securities Lending	4	-	-	-
Accrued Liabilities	1,092	-	895	-
Due to Other Parties	-	-	-	1,112,574
Due to Brokers	271,326	-	3,735	-
Intergovernmental Payables	-	-	-	304,346
Unearned Revenue	437	-	-	-
Deposits Held in Trust	56	-	-	1,110,165
Other Liabilities	18,979	15,550	2,938	170,431
<b>Total Liabilities</b>	<b>307,757</b>	<b>15,550</b>	<b>7,568</b>	<b>\$ 2,746,660</b>
<b>NET POSITION</b>				
Held in Trust for:				
Pension Benefits	25,937,937	-	-	
Other Postemployment Benefits	442,007	-	-	
Defined Contribution Benefits	501,346	-	-	
External Investment Pool Participants	-	548,028	-	
Other Purposes	-	-	2,432,488	
<b>Net Position</b>	<b>\$ 26,881,290</b>	<b>\$ 548,028</b>	<b>\$ 2,432,488</b>	

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



# STATE OF NEW MEXICO

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employee Contributions	\$ 723,105	\$ -	\$ -
Employer Contributions	841,605	-	-
Member Contributions	3,188	-	716,812
Total Contributions	<u>1,567,898</u>	<u>-</u>	<u>716,812</u>
Pool Participant Deposits	-	302,734	-
Investment Income (Loss):			
Net Increase (Decrease) in			
Fair Value of Investments	127,987	400	32,988
Interest and Dividends	625,831	1,882	34,334
	<u>753,818</u>	<u>2,282</u>	<u>67,322</u>
Less Investment Expense	46,541	-	12,479
Net Investment Income	<u>707,277</u>	<u>2,282</u>	<u>54,843</u>
Other Additions			
Other Operating Revenues	56,173	-	121
Total Other Additions	<u>56,173</u>	<u>-</u>	<u>121</u>
<b>Total Additions</b>	<u>2,331,348</u>	<u>305,016</u>	<u>771,776</u>
<b>DEDUCTIONS</b>			
Benefits and Claims	2,200,683	-	-
Distributions	-	275,959	774,482
Refunds	82,483	-	-
General and Administrative Expenses	23,301	179	65
Other Operating Expenses	1,097	-	-
<b>Total Deductions</b>	<u>2,307,564</u>	<u>276,138</u>	<u>774,547</u>
<b>Special Item</b>	<u>25,000</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	48,784	28,878	(2,771)
<b>Net Position - Beginning, as Restated - See Note 9.C</b>	<u>26,832,506</u>	<u>519,150</u>	<u>2,435,259</u>
<b>Net Position - Ending</b>	<u>\$ 26,881,290</u>	<u>548,028</u>	<u>2,432,488</u>

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

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# STATE OF NEW MEXICO

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## DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

### **New Mexico Finance Authority**

The New Mexico Finance Authority coordinates the planning and financing of state and local public projects, provides for long-term planning and assessment of state and local capital needs, and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

### **New Mexico Mortgage Finance Authority**

The New Mexico Mortgage Finance Authority assists in the financing of housing for persons of low and moderate income in the State.

### **New Mexico Lottery Authority**

The Lottery Authority was created and organized for establishing and conducting the lottery to provide revenues for the public purposes designated in the Lottery Act, which benefits the educational institutions created by the State Constitution.

### **University of New Mexico - Sandoval Regional Medical Center**

Established by the Regents of the University of New Mexico, this medical center serves the City of Rio Rancho, NM.

### **University of New Mexico Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico.

### **University of New Mexico Medical Group**

The Medical Group is a nonprofit corporation organized to advance and support the educational and charitable purposes of the University of New Mexico School of Medicine and the University Health Sciences Center.

### **New Mexico State University Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the New Mexico State University.

### **Charter Schools**

There were fifty-nine state-authorized Charter Schools at June 30, 2015, financially accountable to the State Public Education Department.

### **Nonmajor Component Units**

There were twenty nonmajor component units at June 30, 2015. Their financial information is presented in total.

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

# STATE OF NEW MEXICO

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2015

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	UNM - Sandoval Regional Medical Center	University of New Mexico Foundation	University of New Mexico Medical Group
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 21,656	\$ 24,469	\$ 5,515	\$ 13,184	\$ 2,357	\$ 23,360
Investment in Local Government						
Investment Pool	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	113,367	25,747	3,420	5,853	40,244	-
Investments	-	-	-	-	-	-
Due From Primary Government	18,747	-	-	-	-	7,791
Due From Other Components	-	-	-	71	-	104
Receivables, Net	14,298	3,489	1,586	11,805	1,187	28,476
Loans Receivable, Current	77,388	-	-	-	-	-
Prepaid Expenses	20	-	156	948	219	-
Other Assets	-	1,953	-	-	-	15
Inventory	-	-	162	2,087	-	-
<b>Total Current Assets</b>	<b>245,476</b>	<b>55,658</b>	<b>10,840</b>	<b>33,950</b>	<b>44,007</b>	<b>59,745</b>
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	-	17,491	-	-	-	1,350
Restricted Investments	280,161	696,530	-	5,404	188,959	-
Loans Receivable, Net	768,944	186,414	-	-	-	-
Due From Primary Government	313,716	-	-	-	-	-
Investments	-	49,776	-	-	14,116	17,635
Other Noncurrent Assets	99,593	558	-	-	5,755	701
Nondepreciable Capital Assets	-	512	737	201	-	-
Other Capital Assets, Net	5	491	2,593	121,578	88	3,541
<b>Total Noncurrent Assets</b>	<b>1,462,419</b>	<b>951,772</b>	<b>3,330</b>	<b>127,184</b>	<b>208,918</b>	<b>23,227</b>
<b>Total Assets</b>	<b>1,707,896</b>	<b>1,007,430</b>	<b>14,170</b>	<b>161,134</b>	<b>252,925</b>	<b>82,972</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Charge on Refunding	184	1,155	-	-	-	-
Deferred Outflows - Pension	-	-	-	-	-	-
<b>Total Deferred Outflows</b>	<b>184</b>	<b>1,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	245	4,801	1,537	3,876	124	-
Accrued Liabilities	399	4,513	3	2,808	1,259	5,265
Unearned Revenue	-	-	-	-	-	-
Due to Primary Government	-	-	3,053	359	46,309	30,273
Due to Other Component Unit	-	-	-	104	-	71
Funds Held for Others	-	10,874	-	-	-	-
Bonds Payable	75,943	13,837	-	3,380	-	-
Other Liabilities	150,526	724	8,333	2,992	894	-
<b>Total Current Liabilities</b>	<b>227,113</b>	<b>34,749</b>	<b>12,926</b>	<b>13,518</b>	<b>48,587</b>	<b>35,609</b>
Noncurrent Liabilities:						
Bonds Payable	980,961	724,119	-	128,500	-	-
Due to Primary Government	-	-	-	-	4,067	-
Net Pension Liability	-	-	-	-	-	-
Other Liabilities	-	3,619	977	-	2,309	-
<b>Total Noncurrent Liabilities</b>	<b>980,961</b>	<b>727,738</b>	<b>977</b>	<b>128,500</b>	<b>6,376</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,208,073</b>	<b>762,487</b>	<b>13,903</b>	<b>142,018</b>	<b>54,963</b>	<b>35,609</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned Revenue	-	-	-	-	-	-
Deferred Inflows - Pension Liability	-	-	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	5	1,003	2,130	(10,101)	88	3,541
Restricted:						
Nonexpendable	-	-	-	-	174,596	-
Expendable:						
Debt Service	-	79,466	-	-	-	-
Other Purposes	483,283	26,631	-	11,337	21,146	-
Unrestricted Net Position (Deficit)	16,719	138,998	(1,863)	17,879	2,132	43,822
<b>Total Net Position (Deficit)</b>	<b>\$ 500,007</b>	<b>\$ 246,098</b>	<b>\$ 267</b>	<b>\$ 19,115</b>	<b>\$ 197,962</b>	<b>\$ 47,363</b>

# STATE OF NEW MEXICO

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	New Mexico				
	State	Charter	Nonmajor	Component	Total
	University	Schools	Component	Unit	
	Foundation		Units	Eliminations	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 12,430	\$ 35,362	\$ 22,372	\$ -	160,706
Investment in Local Government	-	-	-	-	-
Investment Pool	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	433	-	189,064
Investments	287	-	31,475	-	31,762
Due From Primary Government	-	6,395	125	-	33,057
Due From Other Components	-	-	-	(175)	-
Receivables, Net	7,004	660	2,247	-	70,752
Loans Receivable, Current	-	-	169	-	77,557
Prepaid Expenses	-	418	378	-	2,139
Other Assets	-	-	-	-	1,968
Inventory	-	-	309	-	2,558
<b>Total Current Assets</b>	<b>19,721</b>	<b>42,834</b>	<b>57,507</b>	<b>(175)</b>	<b>569,563</b>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	-	83	-	18,924
Restricted Investments	-	-	-	-	1,171,054
Loans Receivable, Net	-	-	17,953	-	973,311
Due From Primary Government	-	-	350	-	314,066
Investments	116,248	-	105,645	-	303,421
Other Noncurrent Assets	45,928	-	2,233	-	154,768
Nondepreciable Capital Assets	-	8,565	10,548	-	20,563
Other Capital Assets, Net	234	37,127	55,565	-	221,222
<b>Total Noncurrent Assets</b>	<b>162,410</b>	<b>45,692</b>	<b>192,379</b>	<b>-</b>	<b>3,177,329</b>
<b>Total Assets</b>	<b>182,131</b>	<b>88,526</b>	<b>249,886</b>	<b>(175)</b>	<b>3,746,892</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	-	-	-	-	1,339
Deferred Outflows - Pension	-	19,516	-	-	19,516
<b>Total Deferred Outflows</b>	<b>-</b>	<b>19,516</b>	<b>-</b>	<b>-</b>	<b>20,855</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	381	1,635	962	-	13,561
Accrued Liabilities	2,878	6,275	1,107	-	24,507
Unearned Revenue	-	243	1,994	-	2,237
Due to Primary Government	1,692	42	5,452	-	87,181
Due to Other Component Unit	-	-	-	(175)	-
Funds Held for Others	-	-	299	-	11,173
Bonds Payable	-	-	-	-	93,160
Other Liabilities	624	1,148	2,432	-	167,674
<b>Total Current Liabilities</b>	<b>5,576</b>	<b>9,344</b>	<b>12,247</b>	<b>(175)</b>	<b>399,493</b>
Noncurrent Liabilities:					
Bonds Payable	-	-	-	-	1,833,580
Due to Primary Government	-	-	27,385	-	31,452
Net Pension Liability	-	109,022	-	-	109,022
Other Liabilities	43,987	39,887	10,434	-	101,213
<b>Total Noncurrent Liabilities</b>	<b>43,987</b>	<b>148,908</b>	<b>37,819</b>	<b>-</b>	<b>2,075,267</b>
<b>Total Liabilities</b>	<b>49,563</b>	<b>158,253</b>	<b>50,066</b>	<b>(175)</b>	<b>2,474,760</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenue	-	-	898	-	898
Deferred Inflows - Pension Liability	-	12,717	-	-	12,717
<b>Total Deferred Inflows</b>	<b>-</b>	<b>12,717</b>	<b>898</b>	<b>-</b>	<b>13,615</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	234	10,554	31,249	-	38,469
Restricted:					
Nonexpendable	80,724	-	47,662	-	302,982
Expendable:					
Debt Service	-	-	-	-	79,466
Other Purposes	47,778	12,308	60,602	-	663,083
Unrestricted Net Position (Deficit)	3,833	(85,790)	59,410	-	195,372
<b>Total Net Position (Deficit)</b>	<b>\$ 132,568</b>	<b>\$ (62,928)</b>	<b>\$ 198,922</b>	<b>\$ -</b>	<b>1,279,372</b>

# STATE OF NEW MEXICO

## COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	UNM - Sandoval Regional Medical Center	University of New Mexico Foundation
Expenses	\$ 108,687	\$ 41,348	\$ 95,942	\$ 73,687	\$ 12,213
Program Revenues:					
Charges for Services	52,769	6,560	137,037	75,271	-
Operating Grants and Contributions	-	38,815	-	-	27,144
Total Program Revenues	52,769	45,375	137,037	75,271	27,144
Nonoperating Revenues:					
Grant Revenue	64,031	-	-	-	-
Net (Expenses) Revenues	8,113	4,027	41,094	1,584	14,931
Other Revenues & Expenses:					
Payment from State of New Mexico	37,157	500	-	-	-
Payment to State of New Mexico	(4,577)	-	(41,121)	-	(26,225)
Other	-	22	11	1,071	11,704
Investment Income	-	-	16	6	(795)
Total General Revenues	32,580	522	(41,094)	1,077	(15,316)
<b>Change in Net Position</b>	40,693	4,549	-	2,661	(385)
<b>Net Position - Beginning, as Restated</b>	459,313	241,549	267	16,454	198,347
<b>Net Position - Ending (Deficit)</b>	\$ 500,007	\$ 246,098	\$ 267	\$ 19,115	\$ 197,962



# STATE OF NEW MEXICO

## COMBINING STATEMENT OF ACTIVITIES

### COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	University of New Mexico Medical Group	New Mexico State University Foundation	Charter Schools	Nonmajor Component Units	Total
Expenses	\$ 200,237	\$ 14,766	\$ 140,796	\$ 32,126	\$ 719,802
Program Revenues:					
Charges for Services	189,810	3,813	1,440	10,834	477,535
Operating Grants and Contributions	10,604	12,276	15,733	25,900	130,471
Total Program Revenues	200,414	16,089	17,173	36,734	608,006
Nonoperating Revenues:					
Grant Revenue	-	-	10,957	-	74,988
Net (Expenses) Revenues	177	1,323	(112,666)	4,608	(36,808)
Other Revenues & Expenses:					
Payment from State of New Mexico	813	-	108,167	2,179	148,816
Payment to State of New Mexico	-	-	-	-	(71,923)
Other	-	-	6,906	2,875	22,589
Investment Income	119	2,924	-	8,696	10,966
Total General Revenues	932	2,924	115,073	13,750	110,448
<b>Change in Net Position</b>	1,109	4,247	2,408	18,359	73,640
<b>Net Position - Beginning, as Restated</b>	46,254	128,321	(65,336)	180,563	1,205,732
<b>Net Position - Ending (Deficit)</b>	\$ 47,363	\$ 132,568	\$ (62,928)	\$ 198,922	\$ 1,279,372

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

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# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

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# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of New Mexico (the State) and its component units have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The State's significant accounting policies are described below. All dollar amounts are in thousands, except when stated.

##### A. Description of Government-wide 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Primary government activities are distinguished between *governmental and business-type activities*. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The governmental activities column incorporates data from the internal service funds as well as the governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

##### B. Reporting Entity

For financial reporting purposes, the State's financial reporting entity includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the Executive Branch, various offices relating to the Judicial Branch, and the educational institutions created by the *Constitution of the State of New Mexico*, Article XII, Section 11). The annual financial report does not include the financial statements of the community colleges or public schools.

The GASB has set forth criteria to be considered in determining financial accountability as defined in GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB No. 39 and No. 61). These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the State to impose its will on that organization or 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where a State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

##### Discrete Component Units

In the government-wide financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the State. These component units are entities that are legally separate from the State, but are financially accountable to the State. Complete financial statements are available at the address given.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### Major Component Units

- **New Mexico Finance Authority (NMFA)**

The Laws of 1992, Chapter 61, as amended, created the NMFA. The purpose of the New Mexico Authority Act is to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects. The NMFA is considered a component unit of the State as the Governor appoints a majority of its Board. The NMFA is composed of eleven members, at which a majority of those members serve at the pleasure of the Governor. New Mexico Finance Authority, 207 Shelby Street, Santa Fe, NM 87505.

- **New Mexico Mortgage Finance Authority (NMMFA)**

The Laws of 1975, Chapter 303, as amended, created the NMMFA. The purpose of the NMMFA act is to create a separate public body apart from the State to facilitate programs to assist in the financing of housing for persons of low and moderate income within the State. The NMMFA is considered a component unit of the State because the Governor appoints a majority of its Board. The NMMFA is composed of seven members, at which a majority of those members serve at the pleasure of the Governor. NMMFA fiscal year-end is September 30. This year-end differs for all other state entities, which have a June 30 fiscal year-end. New Mexico Mortgage Finance Authority, 344 Fourth Street SW, Albuquerque, NM 87102.

- **New Mexico Lottery Authority (Lottery Authority)**

The Laws of 1995, Chapter 155, as amended, created the Lottery Authority Act. The purpose of the Lottery Authority Act is to create a separate public body apart from the State, to conduct the New Mexico state lottery and provide revenues for public purposes of providing revenues for public purposes of providing tuition assistance to resident undergraduates at New Mexico post-secondary educational institutions. The Lottery Authority is considered a component unit of the State because the Governor appoints members of its Board. The Board is composed of seven members, at which those members serve at the pleasure of the Governor. New Mexico Lottery Authority, 4511 Osuna Rd NE, Albuquerque, NM 87109.

The following component units are considered to be component units of the State Institutions of Higher Education, and are thus component units of the State. Each is financially accountable to the respective institution, and the Board of Regents (governing board) of each institution controls the finances and has appointment power over the unit's governing authority.

- **UNM - Sandoval Regional Medical Center (SRMC)**

The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). SRMC is a not-for-profit corporation that was organized under the Act. The creation of SRMC resulted from collaborations between the University of New Mexico Medical Group and University of New Mexico Hospital and hold representation on the SRMC board of directors. SRMC purpose is to serve as a community based academic healthcare facility. The administrative offices are located at 3001 Broadmoor Blvd. NE, Rio Rancho, NM 87144.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

▪ **University of New Mexico Foundation, Inc. (UNM Foundation)**

UNM Foundation is a nonprofit corporation, organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico. The majority of the Foundation's investments are managed by the University. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas NE, Suite 108, Albuquerque, NM 87131.

▪ **University of New Mexico Medical Group (UNMMG)**

The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). UNMMG is a not-for-profit corporation that was organized under the Act. UNMMG's purpose is to promote, advance and support the clinical, educational, research and charitable purposes of the School of Medicine and the University of New Mexico Health Sciences Center. UNMMG is responsible for the delivery of patient clinical services, practice oversight, and management of the professional medical practice of UNM. The UNMMG operates 11 clinics in addition to attending at the 76 clinics of the UNM Hospital. University of New Mexico Medical Group, 933 Bradbury Street, Suite 2222, Albuquerque, NM 87106.

▪ **New Mexico State University Foundation, Inc. (NMS Foundation)**

NMS Foundation is a nonprofit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of New Mexico State University. The Foundation reports on the FASB basis of accounting. New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003.

▪ **Charter Schools**

The Laws of 1999, Chapter 281, as amended created the Charter School Act (Charter School). Charter Schools provide elementary and secondary educational services to encourage the use of different and innovative teaching methods. The Charter Schools are approved by the Public Education Department. The State is financially accountable for these schools. At June 30, 2015, there were 60 state chartered schools. The division of Charter Schools can be located at the New Mexico Public Education Department, Office of the Secretary, 300 Don Gaspar, Santa Fe, NM 87501.

#### **Non-major Component Units**

The State's non-major component units have been determined to be financially accountable to the State. Non-major component units are: New Mexico Military Institute (NMMI) Foundation, Inc., University of New Mexico Alumni Assoc., Inc., University of New Mexico Lobo Club, University of New Mexico – Anderson Schools of Management Foundation, Inc., STC.UNM, Lobo Development Corporation, Lobo Energy, Inc., New Mexico Institute of Mining and Technology Foundation, Inc., New Mexico Institute of Mining and Technology – Research Park Corporation, New Mexico Highlands Univ. Foundation, Inc., New Mexico Highlands University – Stable Isotopes Corporation, Western New Mexico University Foundation, Inc., Eastern New Mexico University Foundation, Inc., Eastern New Mexico University – Roswell Foundation, Inc., Eastern NM Univ. – Ruidoso – Fund Inc., Northern New Mexico College Foundation, Inc., Cumbres & Toltec Scenic Railroad, Inc., New Mexico Renewable Transmission Authority, and the New Mexico Small Business Investment Corporation.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporates data from the State's Enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the State has eight discretely presented component units and nineteen non-major component units. Component units are shown in total in the government-wide financial statements with a combining statement to show the details. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds. Separate statements are presented for each fund category – governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining enterprise funds are aggregated and reported as non-major funds. The internal service fund is reported in a separate column on the proprietary funds financial statements. The accounts of the State are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures.

The State reports the following governmental funds:

Major funds:

- **General Fund** – This fund accounts for the financial resources of the State, except those required to be accounted for in another fund. This is the State's primary operating fund.
- **Debt Service Fund** – Debt Service Fund accounts are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and other contractual obligations.
- **Capital Projects Fund** – The Capital Projects Fund accounts for funds appropriated by the State Legislature for capital outlay, including severance tax and general obligation bond proceeds and State General Appropriation capital outlay funds.
- **Severance Tax Fund** – The Severance Tax Fund is a special revenue fund and accounts for the proceeds of severance taxes, which are levied by the State on certain natural resources extracted from State lands. Severance tax revenues are first applied to pay the required debt service on Severance Tax Bonds issued by the State. Remaining severance tax revenues are then transferred to the Severance Tax Fund, administered by the State Investment Council. Distributions from this fund are stipulated by the State Constitution.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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- **Land Grant Fund** – The Land Grant Fund is a special revenue fund and receives royalties and income from trust lands distributed to various entities assigned by the Ferguson Act of 1898.

The State reports the following enterprise funds:

Major fund:

- **Educational Institutions Fund** – The Educational Institutions Fund accounts for the activities of the State’s ten educational institutions created by the *Constitution of the State of New Mexico* in Article XII, Section 11: University of New Mexico, New Mexico State University, Eastern New Mexico University, New Mexico Institute of Mining and Technology, Western New Mexico University, New Mexico Highlands University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.

Non-major funds:

The State’s non-major enterprise funds include Unemployment Insurance, Public School Insurance, Miners’ Colfax Medical Center, New Mexico Magazine, State Fair, Environment Department Clean Water, Corrections Industries, Industries for the Blind, State Infrastructure Bank and Department of Cultural Affairs.

The State reports the following internal service fund:

- **Internal Service Fund** – The State reports the internal service fund type in the proprietary funds statements. The activities accounted for in the internal service fund include fleet operations, risk management, printing and records, communications services, and information processing. In the government-wide financial statements, the Internal Service Fund is included with governmental activities.

Additionally, the State reports the following fiduciary fund types:

- **Pension and Other Employee Benefits Trust Funds** – These funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans and other employee benefit plans. These funds account for the activities of the Public Employees Retirement Association (PERA), Educational Retirement Board (ERB), the Retiree Health Care Authority (RHCA), and the Deferred Compensation Plan.
- **External Investment Trust Funds** – These funds account for assets held by the government in a trustee capacity. These funds are used to account for cash, securities, and other investments held in custody for participants in the New Mexico State Treasurer’s Investment Pools and the State Investment Council’s Investment Pools.
- **Private Purpose Trust Funds** – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds include the Scholarship

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

Fund, the Trust Fund, the Water Trust Fund, the Bartlett Trust Fund, the Children's Trust Fund, and the Children's Next Generation Trust Fund.

- **Agency Funds** – These funds are used to report resources held by the State in a purely custodial capacity. Agency funds account for receipt of various taxes, refundable deposits, and other monies collected or recovered to be held until the State has the right or obligation to distribute them to state operating funds or to various entities or individuals; and for deposit to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

#### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State generally considers revenues available if they are collected within 60 days of the end of the current fiscal period. All other revenues are recognized when they are received if they are not susceptible to accrual. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

Proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods and services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public. Proprietary funds distinguish

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are student tuition and fees, net of scholarship discounts and allowances, patient services, sales and services, interest on loans, and most federal, state, and local contracts and grants. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The component units' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements.

#### **F. Budgetary Information**

##### **1. Budgetary Basis of Accounting**

The budget is adopted on the modified accrual basis of accounting, per statute, in accordance with procedures prescribed by the Financial Control Division (FCD), Department of Finance and Administration. Per these procedures, accounts payable which are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, permission must be obtained from FCD to pay the obligation out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP). Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. The General Fund presented herein includes the general funds of all state agencies. The largest of these general funds are the component appropriation accounts. These appropriation accounts are part of the Department of Finance and Administration. The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as non-appropriated (not budgeted) by the Legislature are the Severance Tax Fund, the Land Grant Fund, and the following Enterprise Funds: the Educational Institutions, State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

##### **2. Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### **3. Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets**

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for the Capital Projects Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These non-operating budgets primarily serve as a management control tool, and because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

#### **4. Excess of Expenses/Expenditures Over Budget**

For the fiscal year ended June 30, 2015, the State is reporting expenses/expenditures exceeding the approved budget in one P-code budgeted category. There is one P-code budget category that reports expenses/expenditures exceeding the approved budget due to rounding. More information can be found in the Budgetary Comparison Schedule in the Financial Section.

#### **G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

##### **1. Cash and Cash Equivalents**

Cash and cash equivalents represent cash on hand, cash on deposit with banks, investment in the State General Fund Investment Pool, Local Government Investment Pool, and cash invested in short-term securities. Cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less. Cash balances not held by the New Mexico State Treasurer (State Treasurer) and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments.

##### **2. Investments**

Investments are under the control of the State Treasurer, the State Investment Council, and other administrative bodies as determined by law. In certain instances, investments are restricted by law or other legal instruments. Investments are valued at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates as available. For investments where no readily ascertainable fair value exists, management in consultation with their investment advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk. The change in fair value is recognized as a component of investment income in the current year.

The Education Trust Board calculates the net asset value of its units as of the close of The New York Stock Exchange (the Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. The net asset values of the investments are determined as of the close of the Exchange on each day the Exchange is open for trading. Short-term money market-type debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates market value).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### 3. Investment Pools

*State Treasurer* - The State is required by statute to deposit any money received with the State Treasurer. Balances maintained at the end of the day are pooled and invested by the State Treasurer in overnight repurchase agreements. All repurchase agreements are collateralized by U.S Treasury Securities held by the State Treasurer's custodian bank. These pooled balances are collectively called the State General Fund Investment Pool (SGFIP), which also includes the deposits in the Tax-Exempt Bonds Proceeds Investment Pool and Taxable Bond Proceeds Investment Pool. The State General Fund is the State of New Mexico's main operating account. All State revenues are credited to the General Fund. Income taxes, sales taxes, rents and royalties, and other recurring revenues are deposited into the fund. The fund also comprises numerous State agency accounts whose assets, by statute, must be held at the State Treasury. Expenditures are disbursed only in accordance with appropriations authorized by the State Legislature. The Bond Proceeds Pools consist of pooled assets received through the issuance of taxable and tax-exempt bonds. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the SGFIP are reported as a cash equivalent.

All interest revenue is allocated to the General Fund unless state statute or trust agreements require allocations of interest to other funds. Interest is allocated based on the average daily balance and average monthly interest rates.

In addition to the SGFIP pooled cash account, the State Treasurer maintains the Local Government Investment Pool (LGIP). The LGIP also includes the deposits in the Reserve Contingency Fund. Cities, counties, other non-state agencies, and state agencies invest monies with the State Treasurer in the LGIP. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the LGIP are reported as a cash equivalent.

The LGIP, an external investment pool, is not registered with the Security and Exchange Commission (SEC) as an investment company. The investments are recorded at fair value based on quoted market price; however, individual participant balances remain at their carrying cost. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, New Mexico Statutes Annotated (NMSA) 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. At June 30, 2015, the LGIP carrying cost approximated the fair value. Participation in the LGIP is voluntary. The external portion of LGIP is reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the New Mexico State Treasurer's audited financial statements can be obtained by writing the New Mexico State Treasurer, P.O. Box 5135, Santa Fe, NM 87505 or online at [http://www.saonm.org/audit\\_reports/detail/9836](http://www.saonm.org/audit_reports/detail/9836).

*Public Employees Retirement Association* - The Public Employees Retirement Association created a short-term investment pool (Pool) to maximize the benefits of the investment diversification and investment earnings. The Judicial, Magistrate, Volunteer Firefighters, and Public Employees Retirement Systems (Systems) participate in the Pool. The fair value of the investments in the Pool is the same as the value of the pool shares. All investments in the Pool are either SEC registered or are exempt from SEC registration under exemption 3(a)(3) or 4(2) of SEC



# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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regulations. Each System's equity percentage in the Pool is based on that System's investment in the pool and will only increase or decrease by additional deposits or withdrawals.

*State Investment Council* - The State Investment Council (Council) is responsible for the investment activities of certain state trust funds. The Council's investments are reported in the following categories: governmental activities, business-type activities, private-purpose trust funds, and external investment trust funds. Each of the fund types are participants in the Council's pools. Each pool is composed of units of participation of unlimited quantity. Each unit of participation represents an equal beneficial interest in the respective pool and no unit has priority over any other. Each purchase or sale of units requires written authorization as defined in the joint powers agreements executed between the Council and each participant. All units are purchased by cash payment. Each unit of participation is recorded in book entry form by the Council.

The external portion of the Council's investment pools are reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the Council's report can be obtained by writing the New Mexico State Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507.

#### **4. Inventories**

The governmental funds use both the purchases method and the consumption method of accounting for inventories. Each state agency determines which method is more appropriate for its circumstances. Under the purchase method, inventories are recorded as expenditures when purchased. For the consumption method, costs are recorded as expenditures when consumed rather than when purchased.

Inventories of the proprietary funds are valued at cost using the average cost, retail inventory, and first-in-first-out (FIFO) methods.

#### **5. Receivables and Loan Receivables**

Receivables, net of allowance, in the governmental, business-type activities and fiduciary activities consist mainly of amounts due from the federal government, local governments, customers, patients and applicable insurance companies, taxpayers, students, and others.

Various reimbursement procedures are used for federal awards received by the State. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

Loans are stated at their principal amount. Interest on loans is accrued based on the daily principal balance outstanding, except when a loan has been past due for 90 days. Certain loans are to governmental entities and secured by certain pledged revenues. The loans are being repaid in accordance with their loan agreements.

#### 6. Capital Assets

Capital assets, which include automobiles, buildings and improvements, furniture and fixtures, software, library books, infrastructure (e.g., roads, bridges, sidewalks, and similar items), machinery and equipment, and portable buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The State defines capital assets as costing at least five thousand dollars or more when acquired and having an estimated useful life greater than one year.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases. There is no depreciation recorded for land and infrastructure (right-of-way land). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with the practices followed by many museums and libraries, museum and library collections are not reported as assets in the accompanying financial statements. Purchases of the items are reported as expenditures. Certain library books, however, are capitalized.

There is no depreciation recorded for land, construction in progress, infrastructure. Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	10-40
Land Improvements	15-30
Furniture and Equipment	3-25
Vehicles	3-12
Buildings and Improvements	5-75

As provided by GASB standards, the State elected to use the depreciation method to account for infrastructure assets (roads and bridges). This method requires the State to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense.

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

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### **7. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

#### **8. Accrued Liabilities**

Accrued liabilities include accrued current payroll and fringe benefits payable at year end. These benefits consist of the employee and employer portions of taxes, insurance, retirement, and other compensation-related withholdings.

#### **9. Compensated Absences**

Qualified employees' vacation leave is accrued at a graduated schedule of 80 to 160 hours per year, depending upon the length of service and employees' hire date. Employees are paid for the accumulated annual leave upon retirement or other termination up to 240 hours. A maximum of thirty days of annual leave (240 hours) may be carried forward into the beginning of the calendar year, with any excess forfeited. Qualified employees sick leave accrued at the rate of 3.7 hours per bi-weekly pay period. There is no limit to the amount of sick leave, which an employee may accumulate. Employees are paid for accumulated sick leave annually, or upon retirement or other termination, but only for accumulated sick leave in excess of 600 hours. Annually, employees may be paid 50.0 percent of the excess over 600 hours, up to a maximum of 120 hours. Upon retirement or other termination, employees are paid 50.0 percent of the excess over 600 hours, up to maximum of 400 hours. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Position as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the Governmental funds financial statements. See additional disclosure in the detailed notes.

#### **10. Unearned Revenue**

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. *GASB Statement No. 65* requires resources received from another government under voluntary or government-mandated non-exchange transactions before time restrictions are met, but after all other eligibility requirements are met, should be classified as deferred inflows of resources.

#### **11. Bonds Payable**

Bond premiums and discounts and deferred amounts on refunding are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported at face amount, with the applicable bond premium or discount and deferred amount on refunding reported separately. In accordance with GASB Statement 65, bond issuance costs are expensed.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

In the governmental fund financial statements, total bond premium or discount is recognized when the bonds are first issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 12. Insurance Losses and Loss Adjustment Expense

*Public Schools Insurance Authority* – The New Mexico Public Schools Insurance Authority (PSIA) insurance losses and related adjustment expenses are charged to operations as incurred. The reserves for losses and loss adjustment expenses are determined based upon case-basis evaluations and actuarial projections, and include a provision for claims incurred but not reported. The actuarial projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of PSIA's experience and benefits, property, casualty, and workers' compensation insurance industry data, which supplements PSIA's historical experience and includes the effects of inflation and other factors. Losses are reported net of estimated amounts recoverable from excess insurance, salvage and subrogation, and the deductible portion of claims. Adjustments to the probable ultimate liability for losses and loss adjustment expenses are made continually, based on subsequent developments and experience, and are included in operations as made.

*Retiree Health Care Authority* - The amount shown for the Retiree Health Care Authority as reserve for losses and loss adjustment expenses is an actuarially calculated estimate of the ultimate costs of settling all incurred but not reported claims as of the fiscal year-end, while the amount shown on the accompanying fiduciary statement of changes in fiduciary Net Position as losses and loss adjustment expenses represents the change in this estimate during the fiscal year. These reserves represent, in management's opinion, the best estimate of the ultimate cost of settling all reported and unreported claims. There exists a range of variability around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount reflected in the accompanying financial statements may not ultimately be the actual cost of settling all unpaid claims and the difference may be significant.

#### 13. Interfund Transactions

##### Government-wide Financial Statements

**Interfund Activity** – In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### Governmental Fund Financial Statements

**Interfund Activity** – Interfund transactions for goods sold or services rendered for a price approximating the external exchange value and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority.

#### 14. Net Position and Fund Balance

*Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets. Significant unspent related debt proceeds are not included in the calculation of Net Investment in Capital Assets. The unspent portion of the debt is included in restricted for capital projects. The State issues General Obligation bonds and Severance Tax bonds to finance projects for the State and local governments. The Legislature appropriates the bond proceeds from each bond issue to projects throughout the State. Only bonds issued for projects appropriated to State agencies and recognized as a State asset are included in this calculation.

The State reports Net Position as restricted when constraints placed on Net Position are a) externally imposed by creditors, grantors, contributors or laws, or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Restricted Net Position* is designated as either expendable or nonexpendable. Expendable Restricted Net Position includes those funds that may be expended either for a stated purpose or for a general purpose subject to externally imposed stipulations. Nonexpendable Restricted Net Position includes those funds that are required to be retained in perpetuity. Restricted Net Position includes the State's permanent endowment funds subject to externally imposed restrictions governing their use.

*Unrestricted Net Position* consists of net position that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

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

In the governmental fund financial statements, fund balances are classified as non-spendable, restricted, committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed by outside parties or internally imposed by law through constitutional provision or enabling legislation.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. The State Legislature is the highest level of decision-making authority that can, by passage of legislation, commit fund balance that is not already restricted. Once adopted, the limitation remains in place until similar action takes place, usually in the form of a new budget bill or other legislation.

Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes by directive of the Legislative Finance Committee of the Legislature or in some cases by legislation. Legislative directives dictate that all fund balances remaining at the end of the fiscal year shall be reverted back to the State General Fund unless the fund is stipulated as non-reverting by the Legislature or by laws or regulations imposed by grantors. If the fund is non-reverting, the agency governing board or department head has the authority to assign a fund balance for a specific use.

The State has not adopted a formal flow assumption policy and therefore uses the GASB recommendations; that is, it is the State's policy to use restricted fund balance before using components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance, and lastly, unassigned fund balance.

#### **H. Revenues and Expenditures/Expenses**

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g. general control, education, health and human services, etc.).

Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g. federal grants), available only for specific purposes. Unused restricted revenues at year-end are recorded as restrictions of fund balance. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: Current, Capital Outlay, or Debt Service. Current expenditures are sub-classified by function and are for items such as salaries, grants, supplies, and services.

Revenues and expenses of proprietary funds are classified as operating or non-operating and are sub-classified by object (e.g. depreciation, benefits, claims and premiums, and game expense). Operating revenues consist of sales of goods or services, interfund services provided/used, grant revenues for specific activities that are considered

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. An example of this would include interest income on loans. All other revenues that do not meet the above criteria should be classified as non-operating.

#### **Grants**

Federal grants and assistance awards made based on entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

#### **Investment Income**

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income, rental income, and investment expenses (which includes investment management and custodial fees, securities lending expense, and all other significant investment related costs). Negative investment income is reported where the decrease in fair value of investments due to market conditions exceeded the other components of investment income.

#### **Endowments**

Net appreciation on the Educational Institutions' investments of donor-restricted endowments of \$18 million are available for authorization for expenditure by the governing boards of the universities with endowments, which are reported in Net Position as restricted for purposes for which the endowments were established. Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Management of Institutional Funds Act, Chapters 46-9-1 to 46-9-12, NMSA 1978, except where a donor has specified otherwise. Distributions shall not exceed 6.0 percent nor be less than 4.0 percent of the average market value of the endowment. The universities use the total-return policy for authorizing and spending investment income. The universities review the investment earnings designed to support distributions from the pool and to protect the purchasing power of the endowment principal.

#### **Retirement and Employee Benefit Costs**

Most state employees participate in a defined benefit pension plan administered by the New Mexico Public Employees' Retirement Association and the New Mexico Educational Retirement Board. Contributions collected for the pension plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefits Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension costs are recognized in accordance with the GASB 68/71, whereas other benefits costs are recognized in the fiscal year in which the underlying payroll costs are incurred.



# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### I. Use of Estimates

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

#### J. New Accounting Standards

For the fiscal year ended June 30, 2015, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity. They are GASB Statement No. 68 (GASB 68) and GASB Statement No. 71 (GASB 71).

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions*

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the State's participation in the Public Employee Retirement Association of New Mexico's (PERA) and the New Mexico Educational Retirement Board's (ERB) defined benefit pension plans. This statement replaces the requirements of prior GASB statements impacting accounting and financial disclosure of pensions.

The significant impact to the State of implementing GASB 68 is the reporting of the State's proportionate share of PERA's and ERB's unfunded pension liability on the State's accrual basis financial statements, the government-wide and proprietary funds financial statements. There are also new note disclosure retirements and supplementary schedules required by the statement.

The measurement date for the PERA and ERB pension liabilities is as of June 30, 2014. This date reflects a one-year lag and was used so these financial statements could be issued using the most recent, audited financial information available. Activity (i.e., contributions made by the State) occurring during fiscal year 2015 are reported as deferred outflows of resources in accordance with GASB 71.

A prior period restatement is shown on the face of the financial statements which reflects the cumulative effect on beginning net position.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement was effective for the State for fiscal year-ended June 30, 2015, but did not have an impact on these financial statements.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68 with respect to contributions.

#### **K. Future Accounting Standards**

The following pronouncements of the Governmental Accounting Standards Board (GASB) are due to be implemented by the State in the year indicated. For all of these new standards, the State has not determined the effect on the financial statements that implementation of the standards will entail.

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

This statement addresses accounting and financial reporting issues related to fair value measurements, and provides guidance for determining fair value measurement for financial reporting purposes. This statement is due to be adopted by the State for the fiscal year ending June 30, 2016.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68, as well as amending certain provisions of Statements No. 67 and No. 68. This statement is due to be adopted by the State for the fiscal year ending June 30, 2016.

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

This statement provides new guidance on reporting for benefit plans other than pensions. The statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

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

This statement establishes new standards for accounting and financial reporting for governments whose employees are provided with postemployment benefits other than pensions. Statements No. 74 and No. 75 will have a significant impact on the financial statements of most governments, including the State of New Mexico. This statement is due to be adopted by the State for the fiscal year ending June 30, 2018.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP, and is of interest mainly to those involved in accounting and financial reporting for governments. This statement is due to be adopted by the State for the fiscal year ending June 30, 2016.

*GASB Statement No. 77, Tax Abatement Disclosures*

This statement provides disclosure guidance for governments that enter into tax abatement agreements with individuals or businesses. This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

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

This statement establishes accounting and reporting requirements for certain governments and pension plans that fit the definitions enumerated in the statement. This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

*GASB Statement No. 79, Certain External Investment Pools and Pool Participants*

This statement applies to those external investment pools which make an election regarding the measurement of its investments at amortized cost for financial reporting purposes. This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

*GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*

This statement applies to certain specific component units as defined in the statement. This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

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

This statement provides accounting guidance to those governments which receive resources pursuant to an irrevocable split-interest agreement (a donor agreement used to provide resources to two or more beneficiaries). This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

*GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

This statement addresses certain specific financial reporting issues which have arisen due to the implementation of GASB Statements No. 67, No. 68, and No. 73. This statement is due to be adopted by the State for the fiscal year ending June 30, 2017.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### **L. State Auditor Rule Disclosure**

The Office of the State Auditor Rule requires that audit reports contain a schedule of Joint Powers Agreements (JPA) and Memoranda of Understanding (MOU) that are significant to the State as a whole. There are none that meet this criterion.

Disclosure of these schedules may be found in the stand-alone audit reports which have been issued by the individual State agencies. These are available from the Office of the State Auditor at [www.saonm.org](http://www.saonm.org).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2

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#### NOTE 2. Cash

##### Primary Government

##### New Mexico State Treasurer

All monies, except with specific authority, must be deposited with the State Treasurer. These operating funds are commingled in the State Investment Pool, managed by the Treasurer. Every State agency reports their operating cash as “Investment in State General Fund Investment Pool”, and this pool is reported in Note 3, “Investments”. The issues concerning the reconciliation of the State General Fund Investment Pool and their resolution are reported in Note 16, “Reduction in the Allowance for Potential Loss – State General Fund Investment Pool”.

Cash on deposit represents the demand deposit account with the fiscal agent bank. Current year transactions reflect all banking activity for the fiscal year as well as the activity of investments purchased and disposed of during the fiscal year. The State Treasurer invests all public monies, with the exception of the New Mexico Lottery and the university funds. The university funds are entirely under the control of the universities. These funds are held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance (BOF). The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund Appropriations Account.

All State agencies, unless otherwise excepted, must have specific approval from the State Treasurer in order to maintain separate bank accounts. These accounts are mainly used for agency fund purposes, either as a collection fund until final distribution, or when the funds are being held by the agency in a fiduciary capacity and the funds do not belong to the State.

***Custodial Credit Risk.*** The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State Treasurer’s Office collateral manager reviews and tracks all state funds held in state depository institutions. Deposits and collateral are reviewed almost daily and a statutorily required risk assessment is performed quarterly. Balances are collateralized in compliance with NMAC 2.60.4.

The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance. The Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250 thousand in federal deposit insurance. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50.0 percent to 102.0 percent of the par value of the investment, dependent on the institution’s operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50.0 percent of the average investment balance.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

As of June 30, 2015, the funds held by the State Treasurer in the fiscal agency account were exposed to custodial credit risk as follows:

<b>Office of the State Treasurer Custodial Credit Risk (Expressed in Thousands)</b>	
	<b>Balance at June 30, 2015</b>
Cash in Banks	\$ 687,957
Less: Deposit of Institutions Which are Fully Insured and Collateralized	308,884
Deposits of Institutions Not Fully Collateralized	379,073
Less: Total FDIC Insurance Coverage	2,500
Collateral Pledged:	
Surety Bond	300
Securities	265,092
<b>Subject to Custodial Credit Risk</b>	<b>\$ 111,181</b>

In the table above, FDIC insurance coverage and collateral pledged relate only to those institutions whose deposits are not fully insured and/or collateralized.

As of June 30, 2015, collateral pledged to public money deposits was as follows:

<b>Office of the State Treasurer Statutory Collateral Compliance (Expressed in Thousands)</b>		
	<b>Fiscal Agent Account</b>	<b>Certificates of Deposit</b>
Cash in Bank *	\$ 38,006	\$ 65,950
Less: FDIC Insurance Coverage	-	1,540
<b>Total Unsecured Public Funds</b>	<b>\$ 38,006</b>	<b>\$ 64,410</b>
Collateral Requirement (50.0% - 102.0% of Uninsured Public Funds)	\$ 19,003	\$ 49,427
Collateral Pledged:		
U.S. Government Securities	44,489	78,290
<b>(Over) Under Collateralized</b>	<b>\$ (25,486)</b>	<b>\$ (28,863)</b>

\* Fiscal agent bank is required to collateralize the monthly average balance.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

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The cash deposits of the State Investment Council, the Public Employees Retirement Association, the Educational Retirement Board, the Retiree Health Care Authority, and the Education Trust Board are monitored by their individual Boards in conjunction with contracted professional investment firms. The respective Boards of these agencies have instituted policies and procedures to safeguard the public assets under their control.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3

#### NOTE 3. Investments

The following schedule lists the total investments reported in the financial statements:

	<b>Balance at June 30, 2015</b>
Primary Government:	
Current:	
Investment in State General Fund Investment Pool	\$ 2,522,355
Investment in Local Government Investment Pool	79,235
Investments	370,690
Noncurrent:	
Investments	19,864,467
Fiduciary Funds:	
Investment in State General Fund Investment Pool	1,083,712
Investment in Local Government Investment Pool	4,884
Investments	29,553,214
External Trust Funds -	
Excess of Net Position Over Amounts Reported	
as Investments	442,316
Subtotal	53,920,873
Less Investments Reported Separately:	
Deferred Compensation Plan Investments	491,987
Fiduciary Short-term Investments	1,343,422
<b>Total Investments</b>	<b>\$ 52,085,464</b>

There are six different agencies or groups which report investments for the State, each of them with separate authority and different objectives. They are: a) the Office of the State Treasurer; b) the State Investment Council; c) the Public Employee and Educational Employee Retirement Plans; d) the State universities and colleges; e) Education Trust Board; and f) State agencies with separately-held investments. In addition, the component units also report separately-held investments.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### State Treasurer

The State Treasurer operates four separate investment pools. They are as follows:

##### *General Fund Investment Pool*

The General Fund is the State of New Mexico's main operating account. All State revenues are credited to the State General Fund. Income taxes, sales taxes, rents and royalties, and other recurring revenues are deposited into the fund. The fund is comprised of the various State agency accounts whose assets, by statute, must be held at the State Treasury. Expenditures are disbursed only in accordance with appropriations authorized by the State Legislature.

##### *Consolidated Investment Pool (Tax-Exempt Bond Proceeds Investment Pool #1)*

The Tax-Exempt Bond Proceeds Investment Pool is comprised of pooled assets received through the issuance of tax-exempt State of New Mexico general obligation, severance tax, and supplemental severance tax bonds. The fund's objective is to preserve capital, provide liquidity, and generate returns relative to the true interest cost of all State of New Mexico debt outstanding and in accordance with the Investment Policy of the Office of the State Treasurer.

##### *Consolidated Investment Pool (Taxable Bond Proceeds Investment Pool #2)*

The Taxable Bond Proceeds Investment Pool is comprised of pooled assets received through the issuance of State of New Mexico severance tax bonds. The fund's objective is to preserve capital, provide liquidity, and generate returns relative to a benchmark and in accordance with the State Treasurer's Investment Policy.

##### *Local Government Investment Pool*

Cities, counties, and other non-state agencies may invest monies in the State Treasurer external Local Government Investment Pool (LGIP). The investments are recorded at fair value based on quoted market prices as of the valuation date in the financial statements; however, the individual participant balances remain at their carrying cost. At June 30, 2015, the Local Government Investment Pool carrying cost approximated the fair value.

The LGIP is not SEC-registered. Chapter 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies, and are either direct obligations of the United States or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and adhere to the same policies and procedures that apply to all other state investments. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2015, the WAM(R) of the LGIP was 54.6 days, and the WAM(F) was 77.7 days. The fund was rated AAA by Standard & Poor's as of June 30, 2015.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### *Investment Guidelines and Limitations*

The Investment Policy is a comprehensive guide governing the investment functions of the New Mexico State Treasurer with respect to all financial assets of the State of New Mexico invested by the State Treasurer in the exercise of their authority and for which the State Treasurer acts as the investing authority. These assets include, as examples only, the State General Fund, the LGIP, bond proceeds, bond debt service funds, and those pension and permanent Note 12 funds and other special funds with respect to which the State Treasurer is the investing authority. The investment policy and the public finance investment decisions of the State Treasurer must serve and satisfy several fiduciary, fiscal, and financial obligations. In making these decisions and in resolving any conflict or competing considerations that may arise from time to time among these obligations, the State Treasurer will observe the following priority:

- Preservation of Principal
- Maintenance of Liquidity
- Maximum Return

#### **State Investment Council**

The State of New Mexico Investment Council (Council) is responsible for the investment activities of certain State trust funds. The Council is composed of eleven members, and currently manages the Land Grant, Severance Tax, and Tobacco Settlement Permanent Funds, the Water Trust Fund, and various investment pools for the benefit of state agencies and other political entities within the State of New Mexico.

In accordance with Chapter 6-8, NMSA 1978, the Council is authorized to invest in domestic and international stocks, debt obligations of the U.S. government, its agencies, or instrumentalities, debt obligations of any U.S. or foreign corporation, partnerships, or trusts with an investment-grade rating from a national rating service, real estate investments, national private equity investments, repurchase agreements secured by U.S. obligations or other securities backed by the U.S., and hedge funds.

#### **Pension Benefits Funds**

The two pension benefits agencies are the Public Employees Retirement Association of New Mexico (PERA) and the Educational Retirement Board (ERB). PERA operates four separate cost-sharing multiple-employer public employee retirement systems, and ERB operates one such system for the benefit of educational employees in the State. More information on each of these agencies can be found elsewhere in these Notes. Each is governed by a separate Board, and each has specific investment policies and guidelines to which they must adhere.

#### **State Universities and Colleges**

As mentioned in Note 1. B, the ten educational institutions created by the *Constitution of the State of New Mexico* are included in the State reporting entity. Eight of these institutions maintain separate investment portfolios, as permitted by statute, with some of the investments held and managed by State agencies and some managed by the institutions themselves. Each has investment policies and guidelines which are similar.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### **Education Trust Board**

The Education Trust Board (ETB) is responsible for the management of the two higher education savings plans: Scholar's Edge, and The Education Plan (Plans). The Plans are savings vehicles for higher education expenses under Section 529 of the U.S. Internal Revenue Code. The funds are managed by a private company under contract agreement. A copy of the Education Trust Board's audited financial statements can be obtained by writing the Education Trust Board's at 1516 Paseo de Peralta, Santa Fe, NM 87501.

#### **A. Custodial Credit Risk**

Custodial credit risk is the risk that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the State Treasurer, and are held by either the counterparty or the counterparty's trust department or agent but not in the State Treasurer's name.

The State Treasurer's investment policy for safekeeping and custody states that all investment securities purchased by the State, held as collateral on repurchase agreements or held as collateral on securities lending arrangements shall be held in third-party safekeeping at a fiduciary qualified to act in this capacity. All securities held for the State account will be held free and clear of any lien and all transactions will be conducted in compliance with Chapter 6-10-100, NMSA 1978, which requires contemporaneous transfer and same day settlement. On a monthly basis, the custodian will provide reports, which list all transactions that occurred during the month, and all securities held for the State at month-end, including the book and market value of holdings. The fiscal agent and representatives of the custodian responsible for, or in any manner involved with, the safekeeping, and custody process of the State shall be bonded in such a fashion as to protect from losses from malfeasance and misfeasance. All investment and collateral securities were held by the State Treasurer or its Custodian in the name of the State Treasurer.

All of the PERA's and ERB's securities are held by the third party custodian, independent of any counterparty; therefore, there is minimal risk that PERA and ERB will not be able to recover the value of its investments or collateral securities held by a counterparty.

PERA's investment policy specifically defines the custodian's duties as it pertains to holding of the assets, collection of income generated from the assets, and assisting PERA for the accounting of said assets.

ERB's investment policy limits holding of securities by counterparties to those involved with securities lending. In the event of the failure of the counterparty to deliver back the borrowed securities, ERB will sell the collateral securities and offset any gains or losses with the counterparty. All of the investments of the Retiree Health Care Authority were held by the State Investment Council.

#### **B. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations or investments guaranteed by the U.S. Government are excluded from this requirement. The quality

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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rating of PERA's investment policy restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations.

ERB requires that noncash, interest-paying securities in the high-yield bond portfolios may not exceed 5.0 percent of the market value of the portfolio and that investments in cash may represent no more than 5.0 percent of each individual fund. Credit risk is managed through diversification and by operating within defined parameters versus a benchmark index.

ETB invests directly in Underlying Investments. The registered Underlying Investments' prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-IA of the Investment Company Act of 1940. Form N-IA discloses information and policies about the Underlying Fund and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the credit risk, if any, by certain nonregistered Underlying Investments.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The ratings of investments in fixed income securities at June 30, 2015, were as follows:

**State of New Mexico**  
**Quality Ratings of Investments**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings:		
Government Bonds	AAA	65,126
	AA+	3,115,979
	AA	1,649
	AA-	19,270
	A+	22,541
	A	7,276
	A-	17,345
	BBB+	33,161
	BBB	30,233
	BBB-	5,967
	BB+	12,809
	CCC+	245
	CCC-	242
Foreign Government Bonds	AAA	3,006
	AA+	1,824
	AA-	1,397
	A	18,630
	A-	7,292
	BBB+	24,821
	BBB	2,287
	BBB-	7,262
	BB+	5,302
	B+	487
	CCC-	161
	CCC-	692
Municipal Bonds	AAA	11,863
	AA+	11,945
	AA	12,138
	AA-	28,939
	A+	23,784
	A	5,376
	A-	13,201
	CCC-	2,624

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Corporate Bonds	AAA	13,182
	AA+	60,363
	AA	63,984
	AA-	128,298
	A+	148,342
	A	333,487
	A-	423,007
	BBB+	415,286
	BBB	416,440
	BBB-	474,369
	BB+	128,949
	BB	127,681
	BB-	76,692
	B+	65,502
	B	86,649
	B-	68,535
	CCC+	67,246
	CCC	10,680
	CCC-	8,530
	CC	361
	C	2,570
	D	11,140
Corporate Convertible Bonds	CCC	1,899
Mortgage-Backed Securities	AA+	1,246,984
	AA-	1,105
Residential Mortgage-Backed Securities	CCC	2,950
Commercial Mortgage-Backed Securities	AAA	90,230
	AA+	39,772
	AA	31,502
	AA-	3,744
	A+	23,047
	A	21,072
	A-	15,648
	BBB+	21,962
	BBB	7,989
	BBB-	26,149
	BB+	7,534
	BB	1,032
	BB-	600
	B+	1,366
	B	3,706
	B-	501
	D	8,260



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Asset-backed Securities	AAA	149,679
	AA+	10,333
	AA	25,995
	AA-	5,371
	A+	20,332
	A	34,410
	A-	10,852
	BBB+	28,510
	BBB	22,505
	BBB-	8,303
	BB+	9,177
	BB-	2,312
	B	2,089
	B-	7,169
	CCC	56,707
	CCC-	323
	CC	2,872
	D	165
Collateralized Debt-Loan Obligations	AA+	2,832
	AA-	84
	BB+	1,054
	BB	532
	B+	1,819
	B-	650
	CCC+	636
	CCC	373
Collateralized Mortgage Obligations/REMIC	AAA	2,121
	AA+	23,836
	AA	2,475
	AA-	352
	A+	804
	A-	870
	BBB+	756
	BBB-	2,113
	B-	1,576
	CCC	100
	CC	761
	D	556
Treasury Bills	A-1+	652
U.S. Treasuries	AA+	1,137,248

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<b>Investment</b>	<b>Rating</b>	<b>Fair Value</b>	
Investments Subject to Credit Risk - S&P Ratings (Continued):			
Nongovernment-Backed C.M.O.	AAA	2,690	
	AA+	19,738	
	A+	7,204	
	A	1,065	
	BBB+	2,228	
	BBB	809	
	BBB-	2,546	
	BB+	2,080	
	BB	3,012	
	BB-	1,514	
	B+	1,194	
	B-	1,666	
	CCC+	453	
	CCC	16,972	
	CCC-	182	
	CC	3,736	
	D	27,853	
	Bank Loans	BB+	2,424
		BB	230
		BB-	2,402
B+		5,214	
B		2,279	
B-		29,826	
CCC+		21,743	
CCC		6,752	
CCC-		2,938	
D		10,714	
Other Fixed Income	AAA	(10,254)	
	BBB-	821	
	BB+	204	
	BB	3,019	
	B+	3,613	
	B	1,312	
	B/B-	139,160	
	B-	5,110	
	CCC+	637	
	CCC-	70	
	CC	91	
	C	139	
	D	143	

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Preferred Stock	D	684
Commercial Paper	A-2	19,393
	A-3	300
Investments Subject to Credit Risk: S&P Ratings		<u>10,126,429</u>
Investments Subject to Credit Risk: Moody's Ratings:		
U. S. Government Agencies	Aaa	122,332
	Aa1	999
Corporate Bonds	Aaa	1,498
	Aa1	6,432
	Aa2	2,807
	Aa3	11,997
	A1	19,297
	A2	16,324
	A3	15,191
	Baa1	33,199
	Baa2	11,925
	Baa3	1,452
Municipal Bonds	Aaa	3,983
	Aa1	24,047
	Aa2	9,200
	Aa3	4,193
	A1	3,734
	A2	320
Investments Subject to Credit Risk: Moody's Ratings		<u>288,930</u>
Investments Subject to Credit Risk - Not Rated:		
Government Bonds	Not Rated	270,636
U.S. Government Agencies	Not Rated	9,409
Foreign Government Bonds	Not Rated	35,219
Municipal Bonds	Not Rated	7,087
Corporate Bonds	Not Rated	420,112
Corporate Convertible Bonds	Not Rated	11,125
Collateralized Debt Obligations	Not Rated	1,639
Collateralized Mtg. Ob./REMIC	Not Rated	9,652

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - Not Rated (Continued):		
Mortgage-Backed Securities	Not Rated	4,735
Commercial Mortgage-Backed	Not Rated	95,044
Nongovernment-Backed CMO's	Not Rated	54,210
Asset-Backed Securities	Not Rated	105,524
Other Fixed Income	Not Rated	12,352
Commercial Paper	Not Rated	1,302
Discounted Notes	Not Rated	21,644
Treasury Bills	Not Rated	24,565
Bank Loans	Not Rated	105,565
Preferred Stock	Not Rated	2,965
Cash Collateral	Not Rated	313,204
Common Stock	Not Rated	77,123
Repurchase Agreements	Not Rated	606,000
Certificates of Deposit	Not Rated	101,076
Fiscal Agency Account	Not Rated	85,319
Miscellaneous	Not Rated	16,935
Money Market	Not Rated	66,170
STIF	Not Rated	716,722
Investment in LGIP	Not Rated	12,381
Bank of the West	Not Rated	200,485
Investments Subject to Credit Risk: Not Rated		<u>3,388,200</u>
Total Investments Subject to Credit Risk		13,803,559
Investments Not Subject to Credit Risk		36,115,487
Less: Interfund Investments		(12,381)
Foundation Investments Held in Consol. Inv. Pool		(188,959)
Education Trust Board - Presented Elsewhere		2,359,589
Other Investments - Information Not Available		<u>8,169</u>
<b>Total Investments</b>		<b><u>\$ 52,085,464</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The credit ratings for the Education Trust Board are shown separately as follows:

#### New Mexico Education Trust Board Quality Rating of Investments

<u>Scholar's Edge Plan</u>	Oppen- heimer Global Strategic Income Fund	Oppen- heimer Limited - Term Govt Fund	Oppen- heimer Int'l Bond Fund	American Century Diversified Bond Fund	Mainstay High Yield Corporate Bond Fund
<u>Investment/Rating</u>					
Investments Subject to Credit Risk - NRSRO					
AAA	10.1%	91.7%	8.1%	57.5%	-
AA	1.4%	0.2%	10.0%	3.8%	-
A	5.5%	1.4%	20.9%	11.4%	0.2%
BBB	24.6%	4.6%	40.0%	18.9%	3.7%
BB and Lower	45.0%	0.2%	16.5%	8.4%	88.0%
NRSRO-rated Total	86.6%	98.1%	95.5%	100.0%	91.9%
Not Rated	13.4%	1.9%	4.5%	0.0%	8.1%
Cash and Cash Equivalents - Not Rated	-	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%

<u>The Education Plan</u>	Dreyfus Bond Market Index Fund	Vanguard Inter. Bond Index Fund	Oppenheimer Limited-term Government Fund
<u>Investment/Rating</u>			
Investments Subject to Credit Risk - NRSRO			
AAA	72.1%	55.1%	91.7%
AA	5.9%	4.3%	0.2%
A	13.3%	17.0%	1.4%
Baa	-	-	-
BBB	8.7%	23.6%	4.6%
BB and lower	-	-	0.2%
NRSRO-rated Total	100.0%	100.0%	98.1%
Not Rated	-	-	1.9%
Total	100.0%	100.0%	100.0%

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### **C. Custodial Credit Risk**

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the State, and are held by either the counterparty or the counterparty's trust department or agent but not in the State's name. All of the State's securities are held directly or by third party custodians, independent of any counterparty, in the name of the State.

#### **D. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. It is the policy of the State to diversify its investments portfolios. Assets shall be diversified to reduce the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2015, there were no holdings with a single issuer comprising five percent or more of total net investments. It should be noted that investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### E. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Investment managers attempt to match investments with anticipated cash requirements so as to lessen this risk.

PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager. Duration is loosely defined as the dollar weighted average time to recover all of principal and fixed-income investment. PERA's fixed-income managers are typically limited to duration of plus or minus one year or 20.0 percent of the duration of the applicable portfolio benchmark. ERB does not have a policy for interest rate risk management. However, interest rate risk is managed through duration by operating within defined risk parameters versus a benchmark index.

Maturities on investment at June 30, 2015, were as follows:

Investment	Fair Value	State of New Mexico Maturities on Investments (Expressed in Thousands)			
		Total			
		< 1 year	1-5 years	6-10 years	> 10 Years
Investments Subject to Interest Rate Risk:					
U.S. Treasuries	\$ 1,596,754	\$ 247,964	\$ 1,012,608	\$ 336,182	\$ -
U.S. Government Agencies	2,236,974	858,959	1,376,519	1,496	-
Corporate Bonds	4,030,582	266,277	1,628,169	1,892,436	243,700
Municipal/Provincial Bonds	150,472	48,175	33,932	328	68,037
Certificates of Deposit	103,978	87,003	16,975	-	-
Repurchase Agreements	606,000	606,000	-	-	-
CMO/REMIC	28,632	-	-	28,632	-
Asset-backed Securities	695,759	224,328	398,448	30,472	42,511
Commercial Mortgage-backed	370,759	61,584	1,076	246,811	61,288
Commercial Paper	22,285	22,285	-	-	-
Discounted Notes	312,658	312,658	-	-	-



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico Maturities on Investments (Expressed in Thousands)					
Investment	Fair Value	Total			
		< 1 year	1-5 years	6-10 years	> 10 Years
Investments Subject to Interest Rate Risk:					
Derivative/Interest Rate Swap	5,254	(873)	(3,472)	(1,107)	10,706
Mutual Funds	10	10	-	-	-
Government Bonds	2,574,735	211,014	292,916	1,858,214	212,591
Money Market	34,130	33,437	-	-	693
Government Mortgage-backed Secs.	1,132,181	13,034	333	14,026	1,104,788
Nongovernment-backed C.M.O.s	165,778	120,098	3,649	341	41,690
International Government Obligations	230,542	-	-	230,542	-
Investment in LGIP	12,381	12,381	-	-	-
Bank of the West	200,484	200,484	-	-	-
Subtotal	14,510,348	\$ 3,324,818	\$ 4,761,153	\$ 4,638,373	\$ 1,786,004
Life Not Available:					
Money Market	20,449				
Commingled Funds	59,670				
Derivative/Interest Rate Swap	21				
Investments Subject to Interest Rate Risk	14,590,488				
Investments Not Subject to Interest Rate Risk					
	35,328,558				
Less: Interfund Investments	(12,381)				
Foundation Investments Held in Consolidated Pool	(188,959)				
Education Trust Board - Presented Elsewhere	2,359,589				
Other Investments	8,169				
<b>Total Investments</b>	<b>\$ 52,085,464</b>				

Calculations based on  
weighted-average method (WAM).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The maturities on investments for the Education Trust Board are shown separately as follows:

<b>New Mexico Education Trust Board</b>		
<b>Maturities on Investments</b>		
<b>Investment</b>	<b>1-5 years</b>	<b>6-10 years</b>
<b>The Scholar's Edge:</b>		
Oppenheimer Global Strategic Income Bond Fund	x	
Oppenheimer Limited-Term Government Fund	x	
Oppenheimer International Bond Fund		x
American Century Diversified Bond Fund		x
Mainstay High Yield Corporate Bond Fund	N/A	
<b>The Education Plan:</b>		
Dreyfus Bond Market Index Fund		x
Vanguard Intermediate Term Bond Index Fund		x
Oppenheimer Limited-term Government Fund	x	

#### **F. Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Exposure to foreign currency risk at June 30, 2015 was as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Foreign Currency Risk**  
**International Investment Securities at Fair Value**  
*(Expressed in Thousands)*

<u>Foreign Currency</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.</u>	<u>Derivatives</u>	<u>Total Investments</u>	<u>Cash and Cash Equivalents (Overdraft)</u>
Australian Dollar	\$ 200,196	\$ 14,896	\$ 2,757	\$ 18	\$ 217,866	\$ 928
Bangladeshi Taka	113				113	1,927
Botswana Pula	1,298	-	-		1,298	-
Brazilian Real	124,688	19,339	32,754	(863)	175,917	1,242
British Pound Sterling	858,481	41,454	24,493	333	924,760	4,416
Bulgarian New Lev	52	-	-		52	-
Canadian Dollar	225,830	14,068	-	(287)	239,611	1,396
Chilean Peso	21,911	246	447	(95)	22,509	-
Chinese Yuan	121	-	-	33	154	-
Chinese Yuan Renminbi	-	-	-		-	-
Colombian Peso	13,602	1,158	-		14,760	86
Croatian Kuna	1,929	-	-		1,929	15
Czech Koruna	6,853	-	-		6,853	704
Danish Krone	35,996	5,434	-		41,430	448
Egyptian Pound	1,626	-	-		1,626	4,488
Euro	1,303,917	174,026	151,353	2,880	1,632,176	14,479
Ghanian Cedi	664	-	-		664	30

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico						
Foreign Currency Risk (Continued)						
International Investment Securities at Fair Value						
(Expressed in Thousands)						
Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents
Hong Kong Dollar	\$ 651,502	\$ 2,232	\$ 277	\$	\$ 654,011	\$ 1,806
Hungarian Forint	15,609	-	-	(135)	15,474	1,197
Indian Rupee	24,591	28	-	33	24,652	2,516
Indonesian Rupiah	61,047	61,052	-	-	122,099	655
Japanese Yen	884,652	1,942	599	359	887,552	4,029
Jordanian Dinar	329	-	-	-	329	47
Kenyan Shilling	1,936	-	-	-	1,936	1
Kuwaiti Dinar	753	-	-	-	753	550
Lithuanian Lita	-	-	-	-	-	-
Malaysian Ringgit	64,761	-	-	-	64,761	749
Mauritanian Rupee	2,059	-	-	-	2,059	1
Mexican Peso	85,674	12,920	934	(733)	98,795	2,063
Moroccan Dirham	1,896	-	-	-	1,896	33
New Israeli Shekel	17,426	-	-	-	17,426	167
New Taiwan Dollar	291,278	-	-	-	291,278	1,517
New Zealand Dollar	6,286	10,334	-	18	16,637	2,499
Nigerian Naira	472	-	-	-	472	1,615
Norwegian Krone	43,762	8,317	-	-	52,079	361
Omani Rial	1,922	-	-	-	1,922	10
Pakistan Rupee	-	-	-	-	-	2
Peruvian Nuevo Sol	3,173	-	-	-	3,173	-
Philippine Peso	34,952	5,074	-	-	40,026	234
Polish Zloty	43,431	-	-	21	43,452	588
Qatari Riyal	12,875	-	-	-	12,875	1
Romanian Leu	4,193	-	-	-	4,193	15

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico						
Foreign Currency Risk (Continued)						
International Investment Securities at Fair Value						
(Expressed in Thousands)						
Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents
Russian Ruble	\$ 10,190	\$ -	\$ -	\$ -	\$ 10,190	\$ 429
Saudi Riyal	64				64	
Servian Dinar	-	-	-		-	-
Singapore Dollar	50,834	10,542	267	(287)	61,356	473
South African Rand	171,065	1,420	1,670		174,155	827
South Korean Won	323,525	9,602	4,916	66	338,109	1,051
Sri Lankan Rupee	331	9,862			10,193	-
Swedish Krona	119,912	-	-	(161)	119,751	441
Swiss Franc	360,362	-	-	4	360,366	406
Thai Baht	73,202	4,514	5		77,722	14
Tunisian Dinar	172	-	-		172	(5)
Turkish Lira	58,463	-	379	6	58,848	284
UAE Dirham	8,104	-	-		8,104	5
Vietnam Dong	40	-	-		40	-
Yuan Renminbi		318	-	3	321	-
Various		293	-		293	-
Subtotals	<u>\$ 6,228,120</u>	<u>\$ 409,069</u>	<u>\$ 220,851</u>	<u>\$ 1,213</u>		
Total Investments and Cash and Cash Equivalents Subject to Foreign Currenty Risk					6,859,253	54,740
Investments and Cash and Cash Equivalents Not Subject to Foreign Currency Risk					<u>45,226,211</u>	
<b>Total Investments and Cash and Cash Equivalents</b>					<u><b>\$ 52,085,464</b></u>	<u><b>\$ 54,740</b></u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Securities Collateral

The State's Investment Policy states that no repurchase agreement shall be entered into unless the contract is fully secured by deliverable obligations of the United States or other securities backed by the United States having a market value of at least 102.0 percent of the amount of the contract. The Office of the State Treasurer reports the credit ratings and maturities on collateral securities held by that office at June 30, 2015 as follows:

<b>Collateral Securities Held</b>			
<i>(Expressed in Thousands)</i>			
<u>Issuer</u>			<u>Fair Value</u>
Investments Subject to Interest Rate Risk:			
U.S. Government			
Mortgage-backed Securities	AA+	\$	<u>619,939</u>

<b>Maturities on Collateralized Securities</b>			
<u>6 - 10 Years</u>	<u>11-20 Years</u>	<u>Greater Than 20 Years</u>	<u>Total</u>
\$ 305,365	\$ 127,826	\$ 186,748	\$ <u>619,939</u>

#### Securities Lending

The State Public Employee Retirement Association (PERA) participates in a securities lending program as authorized by State statute and its Board policies. Both the State Investment Council and the Educational Retirement Board have terminated their lending programs.

The types of securities lent are U.S. Treasury Notes and Bonds, U.S. and international equity securities, and corporate bonds and notes. Under this program, securities are transferred to an independent broker-dealer or other lending agent in exchange for collateral in the form of cash, government securities, and/or irrevocable bank letters of credit, with a simultaneous agreement to return the collateral for the same securities in the future. The collateral must equal at least 102.0 percent of the market value of the securities.

Per Board policy, PERA may invest the cash collateral in eligible securities or other investments as defined in the governing securities lending agreement. The duration of investments so made does not generally match the maturities of securities loaned. Securities received as collateral may not be pledged or sold without borrower default.

Total securities on loan at June 30, 2015, had a carrying amount and fair value of \$619.9 million. Under the agreement, the lending agent is required to indemnify the entity if the borrower fails to return the securities, if collateral is inadequate to replace the securities lent, or if the counterparty fails to pay the entity for income

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

distributions by the securities' issuers while the securities are on loan. There were no such losses during the year ended June 30, 2015, due to borrower default.

The associated cash collateral has been reinvested in other instruments. During FY 2015, the average securities loaned balance was \$408,331,197, on a base of average lendable assets of \$8,590,130,605. The average utilization rate over the fiscal year was 4.8%, with net earnings of \$3,773,402. As of June 30, 2015, PERA's participation in the Securities Lending program was terminated, in preparation of an upcoming custodial bank transfer. As a result of this termination, cash collateral had a principal balance and market value of \$4,325, with no unrealized losses.

#### Derivatives

Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The State's retirement funds' investment policies allow certain portfolio managers to trade in certain derivatives for hedging purposes.

The notional or contractual amounts of derivatives indicate the extent of the State's involvement in the various types and uses of derivative financial instruments and do not measure the State's exposure to credit or market risks, and they do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivatives.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statements are as follows:

Derivative Type	Derivative Financial Instruments (Expressed in Thousands)					
	Change in Fair Value		Fair Value		Notional Amount	Unit of Value
	Classification	Amount	Classification	Amount		
Futures: Equity Index	Investment Income	\$ (6,808)	Investments	\$ 459,784	\$ 758	\$ 1,405,409
Futures: Bond Index	Investment Income	308	Investments	(56,428)	(65,500)	(56,736)
Futures: Interest Rate	Investment Income	52	Investments	788	-	827
Options: Fixed Income	Investment Income	(82)	Investments	138	1,598,782	260
Swaps: Fixed Income	Investment Income	(325)	Investments	(325)	138,289	-

*Risk* – There are certain risks inherent in investments in derivatives. Counterparties to financial instruments expose the State to credit risk in the event of nonperformance. The fund managers that are authorized to invest in derivatives are given specific parameters as to the types of derivatives invested in and ratings of the counterparties they are allowed to enter into contracts with to ensure transactions are entered into with only high quality institutions. The State is exposed to market risk; the risk that changes in market conditions may make an investment less valuable. Exposure to market risk is managed within risk limits set by management through buying and selling of specific instruments or by entering into offsetting positions. Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. Managers of these assets are given discretion to hedge this risk.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Types of Derivatives Instruments

**Foreign Currency Exchange Contracts.** The State's retirement funds may enter into forward contracts to purchase and sell foreign currencies in the normal course of its investing activities to manage the currency exposure associated with the State's foreign equity and fixed income investments. The terms of these contracts generally do not exceed one year. The credit risk associated with these contracts is minimal as they are entered into with a limited number of highly rated counterparties.

Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Gains and losses on foreign currency may occur to the extent that the fair value of the contracts varies from the actual contract amount, and they are recorded as incurred in the financial statements.

The following tables summarize the foreign exchange contracts by currency by the agencies involved as of June 30, 2015:

**Public Employees Retirement Association**  
**Foreign Currency Derivatives Risk -Market Value**  
*(Expressed in Thousands)*

Currency	Equity Index	Fixed Income	Interest Rate
	Futures	Options	Futures
Australian Dollar	\$ 2,721	\$ 136	\$ -
British Pound Sterling	6,291	-	-
Canadian Dollar	3,165	-	-
Euro	11,904	-	(90)
Hong Kong Dollar	3,718	-	-
Japanese Yen	7,024	2	-
South African Rand	2,198	-	-
<b>Totals</b>	<b>\$ 37,021</b>	<b>\$ 138</b>	<b>\$ (90)</b>
<b>Total Derivative Foreign Currency Risk</b>			<b>\$ 37,069</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**Educational Retirement Board**  
**Foreign Currency Exchange Contracts**  
*(Expressed in Thousands)*

<b>Currency</b>	<b>Buys</b>	<b>Unrealized Gain (Loss)</b>	<b>Sells</b>	<b>Unrealized Gain (Loss)</b>
Australian Dollar	\$ 2,268	\$ (9)	\$ 2,236	\$ (23)
Brazilian Real	5,766	(3)	6,158	56
Chilean Peso	1,292	(38)	1,417	86
Chinese Yuan Renminbi	5,890	70	8,530	14
Colombian Peso	737	(120)	1,076	49
Euro	3,334	(33)	4,935	20
Hungarian Forint	212	(4)	195	(5)
Indian Rupee	-	35	-	1
Indonesian Rupiah	-	19	486	(40)
Japanese Yen	1,301	15	1,852	(28)
Malaysian Ringgit	4,144	(32)	357	(1)
Mexican Peso	5,455	(120)	4,638	94
New Israeli Sheqel	1,305	20	1,294	(32)
New Taiwan Dollar	641	4	648	3
Peruvian Nuevo Sol	-	2	-	-
Philippine Peso	82	(8)	41	8
Polish Zloty	1,432	8	480	17
Romanian Leu	256	4	-	4
New Russian Ruble	4,278	(191)	2,760	(89)
Singapore Dollar	527	-	1,356	21
South African Rand	5,156	106	9,518	(53)
Swiss Franc	-	-	-	13
Thai Baht	2,024	(2)	-	2
Turkish Lira	6,634	44	6,449	(51)
<b>Totals</b>	<b>\$ 52,734</b>	<b>\$ (233)</b>	<b>\$ 54,426</b>	<b>\$ 66</b>

**Futures Contracts.** The State's retirement funds enter into futures contracts in the normal course of its investing activities, including equity futures, fixed income futures, and commodities futures. They are utilized in order to manage market risk associated with the equity and fixed income investments and to achieve overall investment portfolio objectives. These contracts involve elements of market risk in excess of amounts recognized in the statements of Net Position available for benefits. The credit risk associated with these contracts is minimal as they are traded on organized exchanges.

There were no outstanding futures contracts as of fiscal year ending June 30, 2015.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**Options.** An option is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option), or sell to (put option), the writer a designated instrument at a specified price within a specified period. Both written and purchased options were used by the State during the fiscal year. When the State purchases or writes an option, an amount equal to the premium paid or received by the State is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Gain or loss is recognized when the option contract expires or is closed. As of June 30, 2015, there were no open written or purchased options.

**Swap Contracts.** Swap contracts are executed on a number of different bases. The two types employed by the State during the fiscal year were interest rate swap contracts and credit default swap contracts. An interest rate swap contract is an agreement between two parties to exchange periodic interest payments. One party agrees to make payments to the other based on a fixed rate of interest in exchange for payments based on a variable rate. The State employs interest rate swap contracts to adjust fixed income portfolio durations. A credit default swap contract is similar to an insurance policy; with the credit risk of an individual issuer or a basket of issuers (the “reference asset”) the insured factor. Under such a contract, two parties enter into an agreement whereby the first party pays the second party a fixed periodic payment for the specified life of the contract (analogous to an insurance premium). The other party makes no payment unless a credit event related to the reference asset occurs. If such an event takes place, the second party is obligated to make a payment to the first party. The size of the payment is linked to the decline in the reference asset’s market value following determination of the occurrence of a credit event.

**Hedge Fund.** The use of other derivatives is allowed under the Hedge Fund Investment Policy. These investments are under the management of the Hedge Fund managers who are employed in the “Hedge Fund”, “Emerging Market Debt,” and “Opportunistic Credit” classifications.

**Asset-backed Securities.** The State invests in various forms of asset-backed securities, which fit the previous definition of derivative securities. These securities are held for investment purposes. The credit risk, interest rate risk, and foreign currency risk for these instruments have been disclosed elsewhere in these Notes.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Major Discretely-presented Component Units

##### Credit Risk

The investments of the two largest discretely-presented component units were as follows:

**Two Major Component Units**  
**Quality Rating of investments**  
*(Expressed in Thousands)*

Investment Type	Rating	Value
NM Finance Authority:		
U.S. Treasury Notes	Not Available	\$ 224,598
Funds held by State Treasurer	Not Available	530
FHLMC Bonds	Not Available	55,033
Total NMFA		<u>280,161</u>
NM Mortgage Finance Authority:		
Repurchase Agreements	Not Rated	3,979
U.S. Agencies	AA	9,003
Securitized mortgage loans		
Unrestricted	AA/US Gov Guar.	14,494
Restricted	AA/US Gov Guar.	683,734
Internal State Investment Pools		
State Investment Council	Not Available	33,443
Other	Not Available	1,653
Total NMMFA		<u>746,306</u>
<b>Total Investments, Both</b>		<b><u>\$ 1,026,467</u></b>

##### Concentration of Credit Risk.

As of June 30, 2015, the New Mexico Finance Authority was not exposed to concentration of credit risk. The New Mexico Mortgage Finance Authority had the following issuers and their respective percentage of total investments represent greater than five percent of the total investments reported as of September 30, 2015: Ginnie Mae at 76 percent and Fannie Mae at 18 percent.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Interest Rate Risk

The investments of the two largest discretely-presented component units were exposed to interest rate risk as follows:

**Two Major Component Units  
Maturities on Investments  
(Expressed in Thousands)**

Investment Type	Fair Value	Investment Maturities (in Years)				Not Available
		Less Than 1 year	1-5 years	6-10 years	Greater Than 10 Years	
NM Finance Authority:						
U.S. Treasury Notes	\$ 224,598	\$ -	\$ 224,598	\$ -	\$ -	\$ -
Capital Program Funds	-	-	-	-	-	-
Held by Others	530	-	530	-	-	-
FHLM Bonds	55,033	55,033	-	-	-	-
Investment in Subsidiary	-	-	-	-	-	-
Total Investments, Fin. Auth.	280,161	55,033	225,128	-	-	-
NM Mortgage Fin. Auth.:						
U.S. Agencies	9,003	-	9,003	-	-	-
Securitized Mortgage Loans	698,228	7	6	2,691	695,524	-
STO & SIC Inv. Pools	33,443	-	-	-	-	33,443
Other	5,632	3,979	-	-	-	1,653
Total Investments, Mtg. Fin. Auth.	746,306	3,986	9,009	2,691	695,524	35,096
Total Investments, Both	\$ 1,026,467	\$ 59,019	\$ 234,137	\$ 2,691	\$ 695,524	\$ 35,096

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4

#### NOTE 4. Receivables

Receivables at June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	Federal	Local Governments	Accounts	Brokers	Interest	Taxes	Current Loans	Allowance	Receivables, Net Total	Noncurrent Loans	Allowance	Noncurrent Loans, Net Total
Governmental Activities	\$ 511,238	\$ 9,581	\$ 341,691	\$ 488,565	\$ 692	\$ 40,779	\$ 20,945	\$ (181,713)	\$ 1,231,777	\$ -	\$ -	\$ -
Business-Type Activities	194	-	352,181	-	3,491	126,944	11,422	(65,313)	428,919	200,453	(378)	200,075
Fiduciary Funds	-	3,552	299,208	185,351	63,996	2,135,986	9,553	(1,193,509)	1,504,137	-	-	-
Component Units	-	-	70,752	-	-	-	77,557	-	148,309	973,311	-	973,311
<b>Governmental Activities:</b>												
General	510,369	9,569	280,502	5,952	27	40,779	20,945	(171,840)	696,303	-	-	-
Debt Service	-	-	49	-	664	-	-	-	713	-	-	-
Capital Projects	868	12	1,017	-	-	-	-	(923)	974	-	-	-
Severance Tax	-	-	9,551	101,327	-	-	-	-	110,878	-	-	-
Land Grant	-	-	31,100	381,286	-	-	-	-	412,386	-	-	-
Internal Service	-	-	19,472	-	-	-	-	(8,950)	10,522	-	-	-
<b>Business-type Activities:</b>												
Educational Institutions	-	-	342,298	-	-	-	-	-	342,298	28,093	-	28,093
Nonmajor Enterprise	194	-	9,883	-	3,491	126,944	11,422	(65,313)	86,621	172,360	(379)	171,981
<b>Fiduciary Funds:</b>												
Pension Trust	-	-	117,656	179,641	58,408	-	9,178	-	364,883	-	-	-
External Trust	-	-	912	3,011	-	-	-	-	3,924	-	-	-
Private Purpose Trust	-	-	2,395	2,699	1,648	-	-	-	6,742	-	-	-
Agency	-	3,552	178,245	-	3,940	2,135,986	375	(1,193,509)	1,128,589	-	-	-
<b>Discrete Component Units:</b>												
Finance Authority	-	-	14,298	-	-	-	77,388	-	91,686	768,944	-	768,944
Mortgage Finance Authority	-	-	3,489	-	-	-	-	-	3,489	186,414	-	186,414
Other Major Component Units	-	-	50,718	-	-	-	-	-	50,718	-	-	-
Nonmajor Component Units	-	-	2,247	-	-	-	169	-	2,416	17,953	-	17,953

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4 (CONTINUED)

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, amounts from investment brokers, interest earnings, general and selective income taxes, and receivables because of overpayments to individuals receiving state assistance.

#### Arizona Water Settlement

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, 2015, and the Agency recorded a receivable of \$44,215,478 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. In addition, the actual amounts received may require adjustment relative to the receivable recorded, due to indexing.

The amounts expected by year, as of June 30, 2015, assuming imputed interest of approximately 6.17%, are as follows:

<u>Year-End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,311	\$ 2,729	\$ 9,040
2017	6,701	2,339	9,040
2018	7,114	1,926	9,040
2019	7,553	1,487	9,040
2020	8,020	1,020	9,040
2021	8,516	525	9,041
<b>Total</b>	<b>\$ 44,215</b>	<b>\$ 10,026</b>	<b>\$ 54,241</b>

#### Discrete Component Units

The following is an analysis of the allowance for loan losses as of June 30, 2015 for the two largest discretely-presented component units (in thousands):

	<b>NMFA &amp; NMMFA - Loan Loss Allowance</b>	
	<u>NM Finance Authority</u>	<u>NM Mortgage Fin. Auth.</u>
Beginning Balance	\$ 5,482	\$ 2,513
Provision for Loan Losses	-	681
Loans Written Off, Net of Recoveries	<u>(2,370)</u>	<u>(513)</u>
Ending Balance	<u>\$ 3,112</u>	<u>\$ 2,681</u>

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4 (CONTINUED)

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NM Finance Authority Loans have repayment terms ranging from one to 30 years. The stated interest rates are between 0.0 – 6.4 percent. NMMFA mortgage loans have repayment terms ranging from 10 to 40 years. The stated interest rates for these programs are as follows:

Rental Housing Programs	0.0% -	7.0%
Other Mortgage Loans	0.0% -	10.0%
Second Mortgage Down Payment Assistance		
Loans	0.0% -	7.5%



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 5

#### NOTE 5. Interfund and Interagency Receivables, Payables, and Transfers

Interfund receivables and payables balances result from the time lags between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital for another fund. All transfers must be legally authorized by the Legislature through statute or an Appropriation Act. Transfers during the year were made to finance the operations of the individual departments as authorized by the Legislature and to revert (transfers out) any unspent or unencumbered balance of the authorized appropriations. Transfers between the primary government and the fiduciary funds and component units are reclassified as expenses in the government-wide financial statements.

The composition of interfund balances as of June 30, 2015, is as follows (in thousands):

	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Activities:</b>				
General	\$ 143,390	\$ 164,789	\$ 6,493,383	\$ 6,643,151
Debt Service	120,106	8,794	172,435	507,920
Capital Projects	59,543	96,233	567,434	566,880
Severance Tax	2,732	16,268	-	193,023
Land Grant	8,219	48,422	-	124,484
Internal Service	31,749	33,193	35,384	30,737
Total Governmental Activities	<u>365,739</u>	<u>367,699</u>	<u>7,268,636</u>	<u>8,066,195</u>
<b>Business-type Activities:</b>				
Educational Institutions	-	-	794,926	-
Nonmajor Enterprise	2,274	314	4,485	1,852
Total Business-type Activities	<u>2,274</u>	<u>314</u>	<u>799,411</u>	<u>1,852</u>
<b>Totals</b>	<u>\$ 368,013</u>	<u>\$ 368,013</u>	<u>\$ 8,068,047</u>	<u>\$ 8,068,047</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6

#### NOTE 6. Capital Assets

Capital asset activity for Governmental Activities for the year ended June 30, 2015, was as follows (in thousands):

Governmental Activities:	Beginning Balance, as Restated	Additions	Deletions	Ending Balance
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 89,738	\$ 4,755	\$ -	\$ 94,493
Construction in Progress	388,538	369,416	(424,841)	333,113
Infrastructure	77,252	4,600	-	81,852
Mineral Rights	83,433	-	(32)	83,401
Art and Other	420,645	-	(27)	420,618
<b>Total Capital Assets not being Depreciated</b>	<b>1,059,606</b>	<b>378,771</b>	<b>(424,899)</b>	<b>1,013,477</b>
Capital Assets being Depreciated:				
Land Improvements	123,753	1,870	(1,305)	124,317
Equipment and Machinery	198,097	11,876	(17,238)	192,735
Building and Improvements	1,752,573	107,183	(3,663)	1,856,094
Furniture and Fixtures	33,153	2,304	(1,459)	33,998
Data Processing Equipment and Software	239,498	147,717	(22,990)	364,225
Library Books and Other	1,442	22	(11)	1,453
Vehicles	309,697	27,433	(13,844)	323,286
Infrastructure	14,851,551	222,828	(502,269)	14,572,110
<b>Total Capital Assets being Depreciated</b>	<b>17,509,762</b>	<b>521,233</b>	<b>(562,778)</b>	<b>17,468,217</b>
Less Accumulated Depreciation for:				
Land Improvements	(29,019)	(3,827)	672	(32,174)
Equipment and Machinery	(147,214)	(12,265)	10,409	(148,188)
Building and Improvements	(804,754)	(45,963)	1,580	(849,137)
Furniture and Fixtures	(17,690)	(1,607)	775	(18,522)
Data Processing Equipment and Software	(157,933)	(27,537)	17,455	(167,971)
Library Books and Other	(1,048)	(1)	-	(1,049)
Vehicles	(220,713)	(14,269)	8,738	(226,244)
Infrastructure	(9,288,760)	(641,193)	502,265	(9,427,688)
<b>Total Accumulated Depreciation</b>	<b>(10,667,130)</b>	<b>(746,661)</b>	<b>541,894</b>	<b>(10,870,972)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>6,842,632</b>	<b>(225,428)</b>	<b>(20,885)</b>	<b>6,597,245</b>
<b>Capital Assets, Net</b>	<b>\$ 7,902,238</b>	<b>\$ 153,343</b>	<b>\$ (445,784)</b>	<b>\$ 7,610,722</b>

During fiscal year 2015, the State transferred \$ 424.8 million from construction in progress due to the various projects' completion. Items were transferred to the appropriate depreciable capital asset line.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6 (CONTINUED)

Capital asset activity for Business type Activities for the year ended June 30, 2015, was as follows (in thousands):

<b>Business-type Activities:</b>	<b>Beginning Balance as Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Capital Assets not being Depreciated:</b>				
Land and Land Improvements	\$ 89,094	\$ 405	\$ -	\$ 89,498
Construction in Progress	91,894	113,693	(104,076)	101,511
Infrastructure	-	-	-	-
Art and Other	1,628	15	-	1,643
<b>Total Capital Assets not being Depreciated</b>	<b>182,616</b>	<b>114,112</b>	<b>(104,076)</b>	<b>192,652</b>
<b>Capital Assets being Depreciated:</b>				
Land Improvements	77,091	1,301	-	78,392
Equipment and Machinery	1,098,058	52,330	(36,803)	1,113,586
Building and Improvements	2,686,534	79,615	20,039	2,786,188
Furniture and Fixtures	1,557	-	-	1,557
Data Processing Equipment and Software	22,103	170	(1,749)	20,524
Library Books and Other	298,513	11,804	(3,105)	307,213
Vehicles	5,492	594	(96)	5,989
Infrastructure	327,003	1,068	1,912	329,983
<b>Total Capital Assets being Depreciated</b>	<b>4,516,351</b>	<b>146,882</b>	<b>(19,801)</b>	<b>4,643,432</b>
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(43,912)	(2,402)	-	(46,314)
Equipment and Machinery	(759,441)	(62,440)	35,100	(786,781)
Building and Improvements	(1,116,526)	(73,327)	1,367	(1,188,486)
Furniture and Fixtures	(1,274)	(9)	-	(1,283)
Data Processing Equipment and Software	(15,639)	(1,267)	1,749	(15,157)
Library Books and Other	(253,053)	(11,430)	3,105	(261,379)
Vehicles	(4,365)	(397)	(85)	(4,848)
Infrastructure	(159,626)	(14,604)	-	(174,231)
<b>Total Accumulated Depreciation</b>	<b>(2,353,837)</b>	<b>(165,876)</b>	<b>41,235</b>	<b>(2,478,479)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>2,162,514</b>	<b>(18,994)</b>	<b>21,434</b>	<b>2,164,953</b>
<b>Capital Assets, Net</b>	<b>\$ 2,345,130</b>	<b>\$ 95,118</b>	<b>\$ (82,643)</b>	<b>\$ 2,357,606</b>

During fiscal year 2015, the State transferred \$ 104.0 million from construction in progress due to the various projects' completion. Items were transferred to the appropriate depreciable capital asset line. For the year ended June 30, 2015, there was no interest expense capitalized.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6 (CONTINUED)

Capital asset activity for Fiduciary Funds for the year ended June 30, 2015, was as follows (in thousands):

Fiduciary Funds:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 1,797	\$ -	\$ -	\$ 1,797
Construction in Progress	-	-	-	-
Art and Other	31	-	-	31
Total Capital Assets not being Depreciated	<u>1,828</u>	<u>-</u>	<u>-</u>	<u>1,828</u>
Capital Assets being Depreciated:				
Land Improvements	19	-	-	19
Equipment and Machinery	36	-	-	36
Building and Improvements	16,012	-	-	16,012
Furniture and Fixtures	1,232	162	(289)	1,105
Data Processing Equipment and Software	25,097	284	(334)	25,047
Vehicles	80	-	-	80
Total Capital Assets being Depreciated	<u>42,476</u>	<u>446</u>	<u>(623)</u>	<u>42,300</u>
Less Accumulated Depreciation for:				
Land Improvements	(7)	(1)	-	(8)
Equipment and Machinery	(34)	(0)	-	(34)
Building and Improvements	(3439)	(523)	-	(3,961)
Furniture and Fixtures	(1059)	(70)	282	(846)
Data Processing Equipment and Software	(23104)	(265)	334	(23,035)
Vehicles	(78)	(2)	-	(80)
Total Accumulated Depreciation	<u>(27720)</u>	<u>(861)</u>	<u>616</u>	<u>(27,964)</u>
<b>Capital Assets, Net</b>	<b>\$ 16,584</b>	<b>\$ (415)</b>	<b>\$ (7)</b>	<b>\$ 16,163</b>

Depreciation expense charged to functions/programs of governmental activities was as follows (in thousands):

General Control	\$ 34,400
Education	616
Health and Human Services	19,989
Highways and Transportation	652,836
Culture, Recreation, and Nat. Resources	15,952
Judicial	5,489
Legislative	1,940
Public Safety	10,046
Regulation and Licensing	5,393
<b>Total</b>	<b>\$ <u>746,661</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6 (CONTINUED)

#### Construction Commitments

The State has active construction projects as of June 30, 2015. The projects include highway construction, university infrastructure, and facilities construction and renovation. At year-end, the State's commitments for construction were \$152.1 million for governmental activities and \$181.4 million for business-type activities.

#### Discrete Component Units

Capital asset activity for the two largest discretely presented component units, New Mexico Finance Authority and New Mexico Mortgage Finance Authority, for the year ended June 30, 2015, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 512	\$ -	\$ -	\$ 512
Total Capital Assets not being Depreciated	<u>512</u>	<u>-</u>	<u>-</u>	<u>512</u>
Capital Assets being Depreciated:				
Building and Improvements	3,049	-	-	3,049
Leasehold Improvements	-	-	-	0
Data Processing Equipment and Software	732	3	-	734
Furniture and Fixtures	1,924	-	-	1,924
Total Capital Assets being Depreciated	<u>5,705</u>	<u>3</u>	<u>-</u>	<u>5,707</u>
Less Accumulated Depreciation for:				
Building and Improvements	(2,586)	(76)	-	(2,662)
Leasehold Improvements	-	-	-	-
Data Processing Equipment and Software	(627)	(102)	-	(729)
Furniture and Fixtures	(1,765)	(55)	-	(1,820)
Total Accumulated Depreciation	<u>(4,978)</u>	<u>(233)</u>	<u>-</u>	<u>(5,211)</u>
Total Capital Assets being Depreciated, Net	<u>726</u>	<u>(231)</u>	<u>-</u>	<u>496</u>
<b>Capital Assets, Net</b>	<u>\$ 1,238</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ 1,008</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 7

#### NOTE 7. Deferred Inflows/Outflows of Resources

##### A. Deferred Charge on Refunding

The State issued multiple series of refunding bonds in prior years to advance-refund certain older issues. Thus, the bonds which were advance-refunded are considered defeased in substance. The excess of the reacquisition price (funds required to refund the old debt) over the net carrying amount of the old debt resulted in a loss, which had been reported previously as an asset. When *GASB Statement No. 65* was implemented in 2012, this item's classification was changed to deferred outflow of resources. For fiscal year ending June 30, 2015, the deferred outflow of resources for governmental activities and business-type activities were as follows:

	<u>Government</u>	<u>Business-type</u>
Beginning Balance	\$ 78,274	\$ 2,521
Amortization	(19,167)	(418)
Ending Balance	<u>\$ 59,107</u>	<u>\$ 2,103</u>

##### B. Interest Rate Swaps

In the course of bond refunding transactions, the State has entered into transactions termed interest rate swaps, which are classified as hedges. This has resulted in items classified as a deferred outflow of resources. For more information on these interest rate swaps, see Notes 8 E and 8 F.

##### C. Pension

Refer to Note 12 for deferred inflows/outflows of resources related to the net pension liability.

#### NOTE 8. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

	Beginning Balance, Restated	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 311,270	\$ 141,635	\$ (63,635)	\$ 389,270	\$ 62,515
Severance Tax Bonds	760,080	-	(118,665)	641,415	118,345
Revenue Bonds	1,520,839	79,405	(177,175)	1,423,069	73,879
Net Unamortized Premiums, Discounts	252,771	43,146	(37,982)	257,935	40,494
Total Bonds Payable	<u>2,844,960</u>	<u>264,186</u>	<u>(397,457)</u>	<u>2,711,689</u>	<u>295,233</u>
Loans Payable - Due to Component Unit	145,995	1,312	(11,982)	135,325	5,754
Claims and Judgments	259,855	-	(1,977)	257,878	100,461
Hedging Derivatives - Interest Rate Swaps	96,042	4,125	-	100,167	-
Native American Water Settlement Liability	102,356	-	(23,195)	79,161	-
Contingent Liabilities	7,359	268	-	7,627	-
Compensated Absences	62,686	86,734	(91,308)	58,112	58,112
Pollution Remediation Obligation	47,129	3,059	(1,190)	48,998	563
Capital Leases	55,545	-	(1,215)	54,330	1,285
Notes Payable	1,249	10,500	(118)	11,631	10,623
Net Pension Liability	2,413,778	-	(556,134)	1,843,467	-
Total Other Liabilities	<u>3,191,994</u>	<u>105,998</u>	<u>(687,119)</u>	<u>2,596,696</u>	<u>176,798</u>
<b>Total Governmental Long-term Liabilities</b>	<b><u>\$ 6,036,954</u></b>	<b><u>\$ 370,184</u></b>	<b><u>\$ (1,084,576)</u></b>	<b><u>\$ 5,308,385</u></b>	<b><u>\$ 472,031</u></b>
<b>Business-type Activities:</b>					
Revenue Bonds	\$ 808,463	\$ 244,350	\$ (322,146)	\$ 730,667	\$ 35,115
Bond Premium, Discount, Net	15,429	21,707	(5,582)	31,554	35
Compensated Absences	81,353	71,703	(68,334)	84,722	63,870
Reserve for Losses	69,988	3,274	-	73,262	24,556
Notes Payable	16,501	-	(103)	16,398	2,225
Loans Payable - Due to Component Unit	37,139	-	(3,072)	34,067	3,312
Capital Leases	1,919	83	(483)	1,519	497
Net OPEB Obligation	58,574	7,953	(4,291)	62,236	-
Derivative Instruments - Interest Rate Swaps	10,582	569	-	11,151	-
Student Loans	18,914	301	(593)	18,622	-
Environmental Cleanup	5,310	-	-	5,310	-
Net Pension Liability	1,751,378	1,153	(53,171)	1,699,360	-
<b>Total Business-type Long-term Liabilities</b>	<b><u>\$ 2,875,550</u></b>	<b><u>\$ 351,093</u></b>	<b><u>\$ (457,775)</u></b>	<b><u>\$ 2,768,868</u></b>	<b><u>\$ 129,610</u></b>
<b>Fiduciary:</b>					
Pension Trust Funds					
Reserve for Losses	\$ 19,098	\$ -	\$ (1,380)	\$ 17,718	\$ 17,718
Compensated Absences	573	1,095	(940)	728	728
<b>Total Fiduciary Long-term Liabilities</b>	<b><u>\$ 19,671</u></b>	<b><u>\$ 1,095</u></b>	<b><u>\$ (2,320)</u></b>	<b><u>\$ 18,446</u></b>	<b><u>\$ 18,446</u></b>

Note: Some of the amounts on the statement of net position related to long-term liabilities in the above schedule are classified under accrued liabilities.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### General Obligation Bonds

The State issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities for local governments as authorized by the Legislature of the State of New Mexico. General obligation bonds are direct obligations and pledge the full faith and credit of the State. These bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. Funding for the payment of the debt service of the general obligation bonds is provided through the collection of property taxes levied by the local governments receiving the funding for capital spending. General obligation bonds outstanding at year-end are as follows:

<b>General Obligation Bonds Payable</b> <i>(Expressed in Thousands)</i>					
<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2015</b>
Series 2007	3/1/2007	2017	5.0	\$ 134,870	\$ 32,475
Series 2009	5/28/2009	2019	5.0	196,330	91,770
Series 2011	5/26/2011	2021	2.0-4.0	18,645	11,805
Series 2013	4/23/2013	2023	2.0-4.0	137,220	111,585
Series 2015	2/27/2015	2025	5.0	141,635	141,635
<b>Total General Obligation Bonds Payable</b>					<b>\$ 389,270</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>General Obligation Bonds Issues</b> <b>Debt Service Requirements to Maturity</b> <b>For Fiscal Years End June 30</b> <i>(Expressed in Thousands)</i>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 62,515	\$ 15,606	\$ 78,121
2017	65,995	13,355	79,350
2018	51,395	10,493	61,888
2019	53,540	8,348	61,888
2020	29,900	6,105	36,005
2021 - 2025	125,925	14,470	140,395
<b>Total</b>	<b>\$ 389,270</b>	<b>\$ 68,377</b>	<b>\$ 457,647</b>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### A. Severance Tax Bonds

Severance tax bonds are used to fund the capital needs of state agencies, local governments, and public and higher education as authorized by the Legislature of the State of New Mexico. In addition, severance tax bonds have been issued to refund severance tax bonds. Funding for the payment of the debt service of the severance tax bonds is provided through the collection of severance taxes levied on the mining and production of various natural resources, such as minerals, oil, and gas. The severance tax bonds are secured by the levied taxes. This is a permanent commitment of a portion of total severance tax revenues. As authorized by State statute, severance tax revenues are transferred to the Severance Tax Bonding Fund and first pay the required debt service on severance tax bonds and supplemental severance tax bonds issued by the State, with the remainder being transferred to the Severance Tax Fund. For the year ended June 30, 2015, total severance tax revenues transferred to the Severance Tax Bonding Fund were \$426.3 million. The total principal and interest requirements were \$155.1 million for long-term debt and \$342.7 million for short-term debt for all severance tax and supplemental severance tax bonds.

Severance tax bonds payable at June 30, 2015 were as follows:

<b>Severance Tax Bonds Payable</b>					
<i>(Expressed in Thousands)</i>					
<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2015</b>
Series 2009 A Refunding	7/30/09	2019	2.00 - 5.00	\$ 218,450	\$ 69,135
Series 2010A	3/24/10	2019	3.00 - 5.00	132,265	73,500
Series 2010 B Supplemental	3/24/10	2019	4.00 - 5.00	100,000	52,795
Series 2010 D Refunding	12/8/10	2017	3.00 - 5.00	140,520	44,990
Series 2011A-1 Refunding	12/6/11	2022	3.00 - 5.00	47,790	33,250
Series 2011A-2 Refunding	12/6/11	2019	4.00 - 5.00	75,715	47,540
Series 2012A Refunding	6/21/12	2023	3.00 - 5.00	57,990	48,225
Series 2013A	7/23/13	2024	4.00 - 5.00	157,560	132,210
Series 2014A	6/24/14	2025	2.00 - 5.00	143,770	139,770
<b>Total Severance Tax Bonds Payable</b>					<b>\$ 641,415</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

Annual debt service requirements to maturity for Severance Tax Bonds are as follows:

**Severance Tax Bonds Issues**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 118,345	\$ 15,257	\$ 133,602
2017	109,375	27,556	136,931
2018	100,235	21,863	122,098
2019	89,115	16,708	105,823
2020	73,480	12,218	85,698
2021 - 2025	<u>150,865</u>	<u>20,470</u>	<u>171,335</u>
<b>Total</b>	<b><u>\$ 641,415</u></b>	<b><u>\$ 114,072</u></b>	<b><u>\$ 755,487</u></b>

#### **B. Revenue Bonds**

The State also issues bonds where the government pledges income derived from the related acquired or constructed assets to pay debt service.

##### ***Governmental Activities***

The State issued \$79,405,000 in NMFA State Transportation Refunding Revenue Bonds (Subordinate and Senior Lien) Series 2014B in December 2014. The gross proceeds were \$95,763,847 including an original issuance premium of \$17,026,113. The cost of issuance, including the underwriters' discount, was \$523,811.

Principal of the Bonds is payable as follows on June 15. Interest, with a rate of 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2027. Proceeds from the sale of the Series 2014B Bonds were used to refund (i) a portion of the Authority State Transportation Revenue Bonds totaling \$68,250,000 of the currently outstanding in the aggregate amount of \$83,270,000 (The "Series 2006A GRIP Bonds"), and (ii) a portion of the Authority State Transportation Revenue Bonds totaling \$19,775,000 of the currently outstanding in the aggregate amount of \$24,085,000 (The "Series 2006B GRIP Bonds"). Proceeds from the Series 2014B Bonds were also used to pay costs of issuing the Series 2014B Bonds.

##### ***Business-type Activities***

Revenue bonds with a face value of \$244,350 were issued by two of the State's educational institutions during the year ended June 30, 2015. These bonds are secured by a pledge of the revenue stream consisting of most unrestricted funds. Details of pledged revenues are included in a later note.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

Revenue bonds outstanding at year-end are as follows:

#### Revenue Bonds Payable - Primary Government (Expressed in Thousands)

##### Governmental Activities

Bond Issue	Original Issue	Maturity Date	Interest Rate	Balance June 30, 2015
Series 2009C Spaceport Public Project	\$ 55,810	2029	2.50 - 5.25	\$ 43,630
Series 2010 Spaceport Public Project	20,560	2029	0.47 - 4.08	18,125
State Museum Tax Revenue	5,760	2023	.62 - 4.18	3,089
Series 1996 A & B Energy and Minerals	3,900	2016	3.00 - 6.00	25
Series 1997 A & B Energy and Minerals	4,717	2017	3.00 - 6.00	706
Series 1998 A & B Energy and Minerals	5,033	2018	3.00 - 8.00	1,076
Series 2001 Energy and Minerals	4,907	2020	4.70	1,612
Series 1995 & 1996A Energy and Minerals	6,840	2016	4.47	272
Series 2003 Energy and Minerals	7,339	2023	3.82	3,604
Series 2010 Energy and Minerals Equipment	843	2016	2.16	340
Series 2006 A Highway - (GRIP)	150,000	2026	3.60 - 5.00	11,305
Series 2006 B Highway (GRIP)	39,005	2026	3.50 - 5.00	2,935
Series 2008 A Highway (GRIP)	115,200	2025	VAR	115,200
Series 2008 B Highway (GRIP)	220,000	2027	VAR	220,000
Series 2008 C Highway (GRIP)	84,800	2025	VAR	84,800
Series 2009 A Refunding	112,345	2017	2.00 - 5.00	10,260
Series 2010A Debt Service	174,625	2024	1.50 - 5.00	95,220
Series 2010B Highway (GRIP)	461,075	2024	3.00 - 5.00	444,800
Series 2012 Refunding	220,400	2026	1.25 - 5.00	216,555
Series 2014 A Revenue	70,110	2032	5.00	70,110
Series 2014 B Revenue	79,405	2027	5.00	79,405
<b>Total Revenue Bonds Payable</b>				<b>\$ 1,423,069</b>

#### Revenue Bonds Payable - Primary Government (Expressed in Thousands)

##### Business-type Activities

Inst.	Bond Issue	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2015
MCMC	MCMC St. Perm. Fd. Rev. Imp. & Refunding Series 2013	2023	3.00 %	\$ 14,645	\$ 13,810
NMSU	Improvement Revenue Series 2006	2026	4.00 - 5.00	10,245	6,665
	Refunding and Imp. Revenue Series 2010 A-D	2022	1.89 - 5.27	78,670	63,055
	Refunding and Imp. Revenue Series 2013 A-C	2033	2.00 - 5.00	56,200	49,020
ENMU	General Obligation Building Series 2005 B	2016	3.15 - 3.95	4,500	125
	System Revenue Series 2011B	2036	0.90 - 4.46	28,050	25,650
	System Imp. Revenue Series 2015 A	2045	0.34 - 3.93	12,480	12,480
	System Revenue Refunding Series 2015 B	2026	0.34 - 2.44	6,175	6,175
NMHU	System Refunding Series 2009A	2021	3.00 - 4.50	4,555	2,690
	System Refunding Series 2009B	2035	5.32 - 6.07	9,230	9,230
	System Refunding Revenue Series 2012	2034	0.93 - 4.26	18,335	16,445
NM Tech	System Revenue Series 2011	2031	3.00 - 5.00	13,395	11,575
NMMI	Series 2013A Improvement	2028	2.00 - 4.00	8,935	8,935
	Series 2013B Improvement	2028	0.46 - 1.88	3,980	1,835

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Revenue Bonds Payable - Primary Government

(Expressed in Thousands)

##### Business-type Activities (Continued)

Inst.	Bond Issue	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
WNMU	System Revenue Series 2012	2038	2.00 - 5.50 %	\$ 12,245	\$ 11,590
	System Refunding & Imp. Revenue Series 2013	2038	2.10 - 5.10	6,755	6,150
	System Improvement Series 2014	2021	1.97	3,055	2,645
UNM	System Revenue Refunding Series 1992 A	2021	5.60 - 6.25	36,790	13,670
	System Revenue Series 2000 B	2019	5.50 - 6.35	53,232	1,332
	Subordinate Lien System Imp. Revenue Series 2001	2026	Variable	52,625	31,020
	Subordinate Lien System Refunding Revenue Series 2002 B	2026	Variable	25,475	19,060
	Subordinate Lien System Refunding Revenue Series 2002 C	2030	Variable	37,840	33,405
	Subordinate Lien System Imp. Revenue Series 2007 A & B	2036	4.00 - 5.95	136,710	127,865
	Subordinate Lien System Imp. Revenue Series 2012	2032	2.00 - 5.00	35,215	30,545
	Subordinate Lien System Imp. Revenue Series 2014A	2033	3.00 - 5.00	9,715	9,715
	Subordinate Lien System Imp. Revenue Series 2014 B	2024	0.50 - 3.28	3,365	3,365
	Subordinate Lien System Imp. Revenue Series 2014 C	2035	1.50 - 5.00	97,615	97,615
	FHA Insured Hospital Mortgage Revenue Series 2015	2032	0.49 - 3.53	115,000	115,000
	<b>Total Revenue Bonds Payable</b>			<b>\$ 730,667</b>	<b>\$ 730,667</b>

Annual debt service requirements to maturity for revenue bonds are as follows:

#### Revenue Bonds Issues - Primary Government

##### Debt Service Requirements to Maturity

For Fiscal Year End June 30

##### Governmental Activities

(Expressed in Thousands)

##### Business-type Activities

(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 73,878	\$ 66,578	\$ 140,456	\$ 36,050	\$ 31,722	\$ 67,772
2017	98,450	62,191	160,641	35,013	30,588	65,601
2018	101,549	57,493	159,042	36,027	29,417	65,444
2019	105,952	52,637	158,589	37,157	27,802	64,959
2020	111,063	47,875	158,938	39,010	25,750	64,760
2021 - 2025	654,712	155,648	810,360	210,135	105,044	315,179
2026 - 2030	262,300	25,836	288,136	192,275	59,309	251,584
2031 - 2035	15,165	1,099	16,264	125,180	20,541	145,721
2036 - 2040	-	-	-	16,785	1,695	18,480
2041 - 2045	-	-	-	3,035	373	3,408
<b>Total</b>	<b>\$ 1,423,069</b>	<b>\$ 469,357</b>	<b>\$ 1,892,426</b>	<b>\$ 730,667</b>	<b>\$ 332,241</b>	<b>\$ 1,062,908</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### C. Pledged Revenue

The following listing provides more details on the types of revenue pledged for the various revenue bonds outstanding:

##### Governmental Activities

<b>Agency:</b>	<b>State of New Mexico - Severance Tax Bonds</b>
Purpose of Bonds:	Construction and acquisition of capital projects.
Total Amount of Bonds Issued:	\$1.1 billion
Type of Revenues Pledged:	Severance tax revenues
Term of Commitment:	Through June 30, 2025
Total Debt Service Remaining:	\$755.5 million
Revenue Stream for Current Year:	\$427.5 million
Debt Service for Current Year:	\$138.9 million
<b>Agency:</b>	<b>Energy, Minerals, and Natural Resources Department</b>
Purpose of Bonds:	Acquisition and development of state parks and recreation areas
Total Amount of Bonds Issued:	\$28.4 million
Type of Revenues Pledged:	Department's share of governmental gross receipts tax revenue
Term of Commitment:	Through June 30, 2023
Total Debt Service Remaining:	\$7.6 million
Revenue Stream for Current Year:	\$8.8 million
Debt Service for Current Year:	\$2.4 million
<b>Agency:</b>	<b>Department of Transportation</b>
Purpose of Bonds:	Construct and improve State highway and transportation system
Total Amount of Bonds Issued:	\$1.7 billion
Type of Revenues Pledged:	Gasoline excise taxes, motor vehicle registration and other fees deposited into State Road Fund, plus Federal Highway Fund revenues.
Term of Commitment:	Through June 30, 2032
Total Debt Service Remaining:	\$1.8 billion
Revenue Stream for Current Year:	\$810 million
Debt Service for Current Year:	\$153 million
<b>Agency:</b>	<b>Department of Cultural Affairs</b>
Purpose of Bonds & Loan:	Renovate existing museum structures, develop permanent exhibits
Total Amount of Debt Issued:	\$8.5 million (\$5.8 million, bonds; \$2.7 million, loans)
Type of Revenues Pledged:	Department's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$5.4 million
Term of Commitment:	Through June 30, 2024
Revenue Stream for Current Year:	\$835 thousand
Debt Service for Current Year:	\$676 thousand
<b>Agency:</b>	<b>Spaceport Authority</b>
Purpose of Bonds	Construction of the Spaceport America launch facility
Total Amount of Debt Issued:	\$76.4 million
Type of Revenues Pledged:	Authority's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$86.7 million
Term of Commitment:	Through June 30, 2029
Revenue Stream for Current Year:	\$6.2 million
Debt Service for Current Year:	\$5.6 million

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Governmental Activities (Continued)

<b>Agency:</b>	<b>Administrative Office of the Courts and General Services Division</b>
Purpose of Bonds:	Court equipment, state facilities
Total Amount of Debt Issued:	\$83.1 million
Type of Revenues Pledged:	Court facilities fee, government gross receipts tax
Total Debt Service Remaining:	\$110.1 million
Term of Commitment:	Through June 30, 2036
Revenue Stream for Current Year:	\$7.0 million
Debt Service for Current Year:	\$3.8 million

#### Business-type Activities

<b>Agency:</b>	<b>Miners' Colfax Medical Center</b>
Purpose of Bonds:	Improvement and expansion of medical facilities
Total Amount of Bonds Issued:	\$14.6 million
Type of Revenues Pledged:	Center's share of distributions from the State Land Grant and the Charitable, Penal, and Reform Permanent Funds
Total Debt Service Remaining:	\$15.0 million
Term of Commitment:	Through June 30, 2027
Revenue Stream for Current Year:	\$6.8 million
Debt Service for Current Year:	\$1.3 million

<b>Agency:</b>	<b>State Fair Commission</b>
Purpose of Bonds:	Improvement of capital facilities
Total Amount of Bonds Issued:	\$5.6 million
Type of Revenues Pledged:	State Fair Commission's share of parimutuel tax collected
Total Debt Service Remaining:	\$689 thousand
Term of Commitment:	Through June 30, 2015
Revenue Stream for Current Year:	\$880 thousand
Debt Service for Current Year:	\$687 thousand

<b>Agency:</b>	<b>Educational Institutions (UNM, NMSU, ENMU, WNMU, NMML, NMHU, NM Tech)</b>
Purpose of Bonds:	Construction and improvement of various capital facilities
Total Amount of Bonds Issued:	\$989 million
Type of Revenues Pledged:	Substantially all unrestricted revenues, including Permanent Fund distributions, student fees, and income from revenue-producing facilities, but excluding state appropriations and income from clinical operations.
Total Debt Service Remaining:	\$617.6 million
Term of Commitment:	Through June 30, 2038
Revenue Stream for Current Year:	\$700.3 million
Debt Service for Current Year:	\$50.7 million

<b>Agency:</b>	<b>University of New Mexico</b>
Purpose of Bonds:	Health Sciences Center
Total Amount of Debt Issued:	\$62.7 million
Type of Revenues Pledged:	Cigarette excise tax
Total Debt Service Remaining:	\$42.2 million
Term of Commitment:	Through June 15, 2025
Revenue Stream for Current Year:	\$5.5 million
Debt Service for Current Year:	\$4.9 million

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

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#### **D. New Mexico Department of Transportation – Refunding of Variable Rate Bonds**

##### **▪ Derivative Instruments**

At the time of the 2004 bond issuance, NMFA, on behalf of the Department, entered into interest rate exchange agreements (swaps) with respect to both the adjustable rate bonds then issued and the adjustable rate bonds anticipated to be issued in 2006. All of the 2004 adjustable rate bonds were hedged at issuance with immediately starting swaps and approximately one-half of the anticipated total 2006 issuance was hedged with forward-starting swaps that became effective in 2006.

In all of the swaps, NMFA receives a variable-interest rate payment based on an index, and makes a fixed-rate interest payment. This arrangement has the effect of converting the variable rate bonds to “synthetic fixed-rate issues.”

NMFA has entered into the swaps as an agent for the Department and the State, and no amounts with respect to the swap transactions appear in NMFA’s financial statements. These swap agreements remained in effect following the 2008 refunding and reissuance of the 2004 and 2006 adjustable rate bonds as Variable Rate Demand Notes (the Series 2008 A through D).

##### **▪ Objectives of the Swaps**

The objective in entering into the swap agreements was to obtain a lower interest cost for the 2004 bonds than could have been obtained at the time had they been issued as fixed-rate bonds. With respect to the planned 2006 issuance, NMFA believed in 2004 that it would be desirable to “lock in” a synthetic fixed rate of 5.0 percent or less for a portion of the bonds anticipated to be issued in 2006.

Significant terms of the swaps follow. No cash was paid or received at the initiation of any of the swaps.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### 2004 Swaps

Counterparty	Royal Bank of Canada	Goldman Sachs	Deutsche Bank
Notional Amount (in thousands)	\$ 100,000	\$ 50,000	\$ 50,000
Receipt Rate	68.0% of 1 month LIBOR	68.0% of 1 month LIBOR	68.0% of 1 month LIBOR
Payment Rate (Synthetic Fixed Rate)	3.934%	3.934%	3.934%
Embedded Option(s)	None	None	None
Effective Date	May 20, 2004	May 20, 2004	October 6, 2008
Termination Date	June 15, 2024	June 15, 2024	June 15, 2024

#### 2006 Forward Starting Swaps:

Counterparty	JPMorgan Chase Bank	UBS AG
Notional Amount (in thousands)	\$ 110,000	\$ 110,000
Receipt Rate	SIFMA Municipal Swap Index	SIFMA Municipal Swap Index
Payment Rate	5.072%	5.072%
Embedded Option(s)	"Knockout" option - Counterparty may cancel if the index remains above 7.0% for more than 180 days	"Knockout" option - Counterparty may cancel if the index remains above 7.0% for more than 180 days
Option Premium to NMFA	0.34%	0.34%
Net Payment Rate ("Synthetic Fixed Rate"), Equals the Payment Rate Less Option Premium	4.732%	4.732%
Effective Date	December 15, 2006	December 15, 2006
Termination Date	December 15, 2026	December 15, 2026

#### ▪ Fair Value

The estimated fair value of the swaps at June 30, 2015, was as follows (in thousands):

	Notional Value	Fair Value*
Goldman Sachs	\$ 50,000	\$ (9,765)
Deutsche	50,000	(9,765)
Royal Bank of Canada	100,000	(19,530)
JPMorgan Chase Bank	110,000	(30,553)
UBS AG	110,000	(30,553)
	<u>\$ 420,000</u>	<u>\$ (100,167)</u>

\*The Fair Value is the estimated amount that would have been received by or paid by the Department if the agreements had been terminated at June 30, 2015, under the terms of the agreement. This value is the net present value of the receipts and payments anticipated to be made pursuant to the agreements. The net present values are calculated based on discount rates indicated by actual swap transactions that occurred on or around June 30, 2015. Negative amounts indicate payments that would have been made by the Department to the counterparties.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

The SWAPs Fair Value are disclosed as a liability for the year ended June 30, 2015 in the amount of \$100.2 million. Management evaluated the effectiveness of the SWAP agreements and found Goldman Sachs, Deutsche and Royal Bank of Canada to be ineffective in the prior year. As a result, the change in Fair Value of the ineffective SWAPs are reported as income in the amount of \$303,785. The remaining effective SWAPs are deemed a hedge and reported as a deferred outflow of resources in the amount of \$61.1 million which consists of the JP Morgan Chase Bank and UBS AG SWAP agreements.

▪ **Associated Debt** (in thousands)

Variable Rate Debt*	Original Issue	2015 Debt Service		Net Swap Payments Made (Rec'd.)	Total Net Interest Paid	Effective Interest Rate
		Principal	Fixed Interest			
Series 2008 A and C	\$ 200,000	\$ -	\$ 7,846	\$ 1,065	\$ 8,911	4.456%
Series 2008 B	220,000	-	11,127	118	11,245	5.112%

\*The interest and swap payments for these bonds include the payments for the Series 2004 and 2006 Bonds that the Series 2008 Bonds replaced.

The interest includes amounts paid with the fiscal year without regard to the costs associated with the swap collateral (Taxable) Line of Credit.

▪ **Risks**

*Credit Risk*

Credit risk is the possibility that a counterparty will not fulfill its obligations.

The credit ratings of the counterparties, at June 30, 2015, were:

Counterparty	Moody's	S&P	Fitch
Goldman Sachs	Aa2	AAA	N/A
Deutsche	A3	BBB+	A
Royal Bank of Canada	Aa3	AA-	AA
JP Morgan Chase Bank	Aa3	A+	AA-
UBS AG	A2	A	A

Presently, the Department of Transportation has no exposure to loss with respect to the counterparties, as the termination values of the swaps are negative. That is, no amounts would be owed to the Department if any swaps were terminated at present. Each swap agreement contains provisions requiring the posting of collateral in the event that termination values exceed certain amounts. Termination values currently exceeded these limits, and, accordingly, collateral was posted for \$7.4 million at UBS, \$7.3 million at JPM, and \$4.5 million at RBC as of June 30, 2015. The swap agreements permit the netting of amounts owed between the Department and a counterparty, mitigating, to some extent, the level of credit risk. The Department believes it has an adequate degree of diversification with regard to counterparties.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### *Swap Collateral Requirement – Taxable Line of Credit*

Negative balances at the end of the fiscal year were such that collateral needed to be posted. For that purpose, a short-term Taxable Line of Credit was established. There was \$10.5 million outstanding on the line of credit at the end of the fiscal year, with no beginning balance, \$10.5 million borrowed and no amounts repaid during the year.

#### *Interest Rate Risk*

The knockout option in the 2006 swaps leaves the State open to interest rate risk. If the Securities Industry and Financial Markets Association (SIFMA) municipal swap index averages above 7.0 percent for 180 consecutive days, then, as provided by the terms of the knockout option, swap agreements could be cancelled by the counterparties and the State would have outstanding unhedged variable rate debt in a 7.0 percent interest rate environment.

#### *Basis Risk*

Basis risk is the possibility that the variable rate paid on the bonds may not be adequately offset by the variable index payment received under the swap agreement. The Department has little or no such risk with respect to the 2006 bonds as the 2006 swaps pay a variable rate equal to the SIFMA Municipal Swap index which has very closely approximated, historically, to the rates paid on variable rate municipal debt. The Department has basis risk, however, with respect to the 2004 swaps. The variable rate the Department receives with respect to the 2004 swaps is 68% of one-month LIBOR. While this rate has closely tracked the SIFMA Municipal Swap Index for a long period of time, there has recently been some divergence between the two indices. There is no guarantee that the two indices will remain as closely correlated in the future as they were in the past. There is a possibility, therefore, of a mismatch between actual variable rate bond debt service payments and the variable rate receipts under the 2004 swap agreements, resulting in a failure to achieve the synthetic fixed rate expected when the swaps initiated.

One event that would cause a divergence between the indices would be a significant change in U.S. income tax rates. This might result in 68% of LIBOR no longer approximating the tax-exempt rate set by the market for the Department's variable rate debt.

#### *Termination Risk*

The unplanned termination of one or more of the swaps exposes the Department to the possibility that the synthetic fixed rate expected to be obtained on the variable rate debt will not, in fact, be achieved. The swap agreements contain the standard ISDA provisions for termination, including events such as bankruptcy, ratings downgrades, and failure to post collateral when required. In addition, the Department, but not the counterparties, can terminate the swaps at any time with 30-day notice.

### **E. University of New Mexico**

#### **▪ Standby Purchase Agreements**

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. The provider is US Bank. Liquidity fees for the year ended June 30, 2015, were \$454,750.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

A schedule including maturities and fees is as follows (in thousands):

<b>US Bank (1)</b>				
<b>Liquidity Expiration</b>	<b>Series 2001</b>	<b>Series 2002B</b>	<b>Series 2002C</b>	<b>Grand Total</b>
12/31/2017	\$ 31,020	\$ 19,060	\$ 33,405	\$ 83,485
<b>Liquidity Fees</b>				
	<b>2001</b>	<b>2002B</b>	<b>2002C</b>	<b>Total</b>
FY15	\$ 171	\$ 106	\$ 178	\$ 455

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ Interest Rate Swap Agreements

On June 30, 2015, UNM had the following derivative instruments outstanding (in thousands):

Item/ Counter-Party	Type	Objective	Current Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
<b>Hedging-type:</b>							
A - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	\$ 7,755	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	\$ (1,234)
B - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	33,405	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.9% Fixed	(5,947)
C - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	19,060	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.8% Fixed	(2,724)
D - RBC Royal Bank	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	7,755	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	(1,246)
<b>Investment-type:</b>							
E - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2001 System Improvement Revenue Bonds (Overlay Swap)	15,510	8/15/2006	6/1/2026	Receive 63.6% of 5 year LIBOR swap rate + 0.3% - Pay SIFMA	614
F - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2002C Refunding Revenue Bonds (Overlay Swap)	33,405	8/15/2006	6/1/2030	Receive 63.6% of 5 year LIBOR swap rate + 0.3% - Pay SIFMA	1,501

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ Risks

##### *Credit Risk*

Each of UNM's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counterparty to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

Entity	Moody's		S & P		Fitch	
	L/T Rating	S/T Rating	L/T Rating	S/T Rating	L/T Rating	S/T Rating
JP Morgan	Aa3	P-1	A+	A1	AA-	F1+
PBC Royal Bank	Aa3	P-1	AA-	A1+	AA	F1+

##### *Interest Rate Risk*

UNM is exposed to interest rate risk on its receive-variable, pay-fixed underlying interest rate swaps. As the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the University's net payment on the underlying swaps increases. Alternatively, on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, as LIBOR and the SIFMA swap index increases, the University's net payment on the overlay swaps increases.

##### *Basis Risk*

The variable-rate debt hedged by UNM's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every seven days. The University is exposed to basis risk on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, because the variable-rate payments received by the University on these derivative instruments are based on a rate (LIBOR) other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2015, the interest rate on the University's variable-rate hedged debt (SIFMA) is 0.07%, while the 63.55% of five year LIBOR + 0.31% is 1.44%.

##### *Termination Risk*

UNM or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, UNM is exposed to termination risk on Derivative Instruments B and C because the contract provides the counterparty with a knockout option to terminate the contract if the 180-day SIFMA is equal to or greater than 7.0 percent. The 180-day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA Index Rates published within the previous 180-day period. If at the time of termination, a derivative instrument were in a liability position, UNM would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

##### *Rollover Risk*

UNM is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, UNM will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose UNM to rollover risk because the counterparty has the option to terminate the contract by exercising a knockout option.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### *Foreign Currency Risk*

UNM has no exposure to foreign currency risk from its derivative instruments.

#### ▪ **Commitments**

All of UNM's derivative instruments include provisions that require UNM to post collateral in the event its credit rating falls below certain levels. UNM has entered into a two-way Credit Support Annex (CSA) with the swap counter-parties, which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps mark-to-market values are above the mandated thresholds (in thousands):

<u>Rating</u>	<u>Swap MTM Threshold for Party's A &amp; B</u>
AA/Aa2 and >	USD \$ 25,000
AA-/Aa3	USD \$ 20,000
A+/A1	USD \$ 15,000
A/A2	USD \$ 10,000
A-/A3	USD \$ 5,000
BBB+/Baa1 and <	USD \$ -

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If UNM or the counterparty does not post collateral, the derivative instrument may be terminated. UNM's credit rating is AA/Aa2 at June 30, 2015; therefore, no collateral has been posted.

#### ▪ **Derivative Instrument Payments and Hedged Debt**

As of June 30, 2015, aggregate debt service requirements of UNM's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting (in thousands).

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

University of New Mexico				
Debt Service Requirements - Hedging Derivative Instruments				
Fiscal Year			Hedge Deriv.	
Ending June 30,	Principal	Interest	Instruments, Net	Total
2016	4,820	67	2,584	7,471
2017	4,650	149	2,303	7,102
2018	4,840	233	2,026	7,099
2019	5,570	307	1,757	7,634
2020	6,320	356	1,502	8,178
2021	6,580	369	1,279	8,228
2022	6,855	370	1,068	8,293
2023	7,155	344	891	8,390
2024	7,465	308	721	8,494
2025	7,770	262	557	8,589
2026	9,900	201	408	10,509
2027	2,900	112	230	3,242
2028	3,030	87	167	3,284
2029	3,160	58	105	3,323
2030	2,470	26	45	2,541

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ Fiscal Year Changes in Swap Valuations

UNM has entered into interest rate swaps as shown in the prior schedule. The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2015. Swaps A through D are deemed cash flow hedges, and therefore, in addition to recording the liability at fair value, the University has recorded an offsetting deferred outflow of resources. Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset to the deferred outflow of resources. The fair value change in fiscal year 2015 for the hedge instruments was a \$569,471 increase to the liability and an equal offsetting increase to the deferred outflow of resources. For fiscal year 2014, the change was a \$507,495 decrease to the liability and an equal offsetting decrease to the deferred outflow of resources. Swaps E and F are not cash flow hedges, but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2015 was recorded to unrealized gains in the amount of \$209,643. As of June 30, 2014, the fair value change for swaps E and F was recorded to unrealized losses in the amount of \$244,894.

#### Other Liabilities

#### ▪ Loans Payable

The State determined that a number of Loans Payable had not been properly recorded in the State's FY14 financial report. These loans were made by the New Mexico Finance Authority (NMFA), a component unit of the State, to different State agencies for the purpose of constructing or acquiring capital facilities and equipment.

Several agencies have pledged revenue to secure these loans. Details of the loans are as follows:

#### Loans Payable - NMFA (Pledged Revenue) (Expressed in Thousands)

State Entity	Revenue Pledged	Maturity Date	Interest Rate	June 30, 2015
<b>Governmental Activities:</b>				
Administrative Office of the Courts	Court facilities fees	6/15/2025	1.25 - 5.00	\$ 30,195
General Services Department	Gross receipts tax	6/1/2036	4.25 - 5.00	42,620
Total Governmental				<u>\$ 72,815</u>
<b>Business-type Activities:</b>				
University of New Mexico	Cigarette excise tax	6/15/2025	3.88 - 5.00	23,320
University of New Mexico	Cigarette excise tax	4/1/2019	2.25 - 5.00	6,895
University of New Mexico	Cigarette excise tax	4/1/2019	2.13 - 3.94	3,062
Total Business-type				<u>\$ 33,277</u>
<b>Total Loans Payable (Pledged Revenue)</b>				<u><b>\$ 106,092</b></u>



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Loans Payable - NMFA (Secured by Pledged Revenue)

##### Debt Service Requirements to Maturity

For Fiscal Years End June 30

##### Governmental Activities

(Expressed in Thousands)

##### Business-type Activities

(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 3,335	\$ 3,605	\$ 6,940	\$ 3,164	\$ 1,480	\$ 4,644
2017	3,475	3,463	6,938	3,194	1,366	4,560
2018	3,645	3,289	6,934	3,209	1,250	4,459
2019	3,880	3,107	6,987	3,280	1,134	4,414
2020	4,080	3,913	7,993	3,305	1,021	4,326
2021-2025	24,720	11,262	35,982	17,125	2,592	19,717
2026 - 2030	11,505	6,291	17,796	-	-	-
2031 - 2035	14,755	3,142	17,897	-	-	-
2036 - 2038	3,420	170	3,590	-	-	-
<b>Total</b>	<b>\$ 72,815</b>	<b>\$ 38,242</b>	<b>\$ 111,057</b>	<b>\$ 33,277</b>	<b>\$ 8,843</b>	<b>\$ 42,120</b>

Details of debt service to maturity are as follows:

#### Loans Payable - NMFA

##### Debt Service Requirements to Maturity

For Fiscal Years End June 30

##### Governmental Activities

(Expressed in Thousands)

##### Business-type Activities

(Expressed in Thousands)

Fiscal Year	Principal	Interest and Fees	Total	Principal	Interest and Fees	Total
2016	\$ 2,419	\$ 2,884	\$ 5,303	\$ 235	\$ 26	\$ 261
2017	2,439	2,790	5,229	246	15	261
2018	2,464	2,687	5,151	19	3	22
2019	2,504	2,586	5,090	19	3	22
2020	2,549	2,469	5,018	20	3	23
2021 - 2025	13,686	10,443	24,129	101	10	111
2026 - 2030	14,906	6,900	21,806	106	5	111
2031 - 2035	15,701	3,364	19,065	44	1	45
2036 - 2040	4,530	283	4,813	-	-	-
2041 - 2045	-	-	-	-	-	-
<b>Total</b>	<b>\$ 61,198</b>	<b>\$ 34,406</b>	<b>\$ 95,604</b>	<b>\$ 790</b>	<b>\$ 66</b>	<b>\$ 856</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Loans Payable - NMFA - Governmental Activities

(Expressed in Thousands)

State Entity	Maturity Date	Interest Rate	Balance June 30, 2015
<b>Governmental Activities:</b>			
General Services Dept. 3	6/1/2036	5.0	\$ 11,255
General Services Dept. 4	6/1/2036	5.0	22,665
General Services Dept. 5	6/1/2038	3.7 - 5.5	2,151
General Services Dept. 6	6/1/2039	3.5 - 5.1	895
Dept. of Health 3	6/1/2028	5.0	8,405
Dept. of Health 6	6/1/2028	5.0	7,330
Dept. of Health 9	6/30/2037	3.8	8,498
Dept. of Cultural Affairs 1	5/1/2023	3.4 - 4.2	1,131
Dept. of Cultural Affairs 2	2025		3,089
Dept. of Cultural Affairs 3	5/1/2020	2.9 - 3.9	180
Energy, Min., Nat. Res.	2016	3.0-6.0%	25
Energy, Min., Nat. Res.	2018	3.0-8.0%	980
Energy, Min., Nat. Res.	2018	3.0-8.0%	96
Energy, Min., Nat. Res.	2011	4.70%	1,612
Energy, Min., Nat. Res.	2025	3.82%	3,605
Energy, Min., Nat. Res.	2016	2.16%	340
Energy, Min., Nat. Res.	2016	4.47%	272
Energy, Min., Nat. Res.	2017	3.0-6.0%	645
Energy, Min., Nat. Res.	2017	3.0-6.0%	60
NM Spaceport 1	2029	2.50-5.25%	43,630
NM Spaceport 2	2029	.47-4.08%	18,125
Total - Loans Payable - NMFA - Governmental Activities			134,989
Total - Loans Payable (Pledged Revenue)- NMFA - Governmental Activities			72,815
Total Loans Payable - NMFA - Governmental Activities			<u>\$ 207,804</u>
Reconciliation to financial statements - Governmental Activities			
Due to Component Units - Bond Payable/Loans - Current			11,297
Due to Component Units - Bond Payable/Loans - Non-current			196,507
			<u>\$ 207,804</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Loans Payable - NMFA - Business Type Activities

(Expressed in Thousands)

State Entity	Maturity Date	Interest Rate	Balance June 30, 2015
<b>Business Type Activities</b>			
ADW - UNM	Not Available	Not Available	\$ 346
UNM Law Library	Not Available	Not Available	444
Western NM	6/1/2038	2.00-5.50%	11,590
Western NM 2	6/1/2038	2.10-5.10%	6,150
ENMU	4/1/2036	.90-4.66%	25,650
ENMU 2	4/1/2045	.34-3.93%	12,480
ENMU 2	1/1/2026	.34-2.44%	6,175
Highlands 2	11/1/2034	.93-4.26%	16,445
Highlands 3	10/15/2021	3.0-4.50%	2,690
Highlands 3	10/15/2035	5.32-6.07%	9,230
Total - Loans Payable - NMFA -Business Type Activities			91,200
Total - Loans Payable (Pledged Revenue)- NMFA - Business Type Activities			33,277
Total Loans Payable - NMFA - Business Type Activities			\$ 124,477
Reconciliation to financial statements - Business Type Activities			
Due to Component Units - Bonds Payable/Loans			6,918
Due to Component Units - Bonds Payable/Loans - Non current			117,559
			\$ 124,477

#### ▪ Notes Payable

The State has issued notes payable for various purposes, mainly equipment acquisition. Details of notes payable for the year ended June 30, 2015, follow:

#### Notes Payable Debt Service Requirements to Maturity For Fiscal Years End June 30

Fiscal Year	Governmental Activities (Expressed in Thousands)			Business-type Activities (Expressed in Thousands)		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 10,660	\$ 54	\$ 10,714	\$ 2,188	\$ 494	\$ 2,682
2017	164	50	214	830	427	1,257
2018	169	45	214	890	404	1,294
2019	174	39	213	951	377	1,328
2020	179	33	212	1,018	348	1,366
2021 - 2025	581	64	645	5,835	1,251	7,086
2026 - 2028	-	-	-	4,505	282	4,787
<b>Total</b>	<b>\$ 11,927</b>	<b>\$ 285</b>	<b>\$ 12,212</b>	<b>\$ 16,217</b>	<b>\$ 3,583</b>	<b>\$ 19,800</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ **Compensated Absences**

Compensated absences of governmental activities are liquidated in the General Fund. Claims liabilities of governmental activities are liquidated in the Internal Service Fund. Compensated absences of business-type activities are liquidated in the respective fund of obligation.

#### ▪ **Pollution Remediation Obligation**

The State is responsible for environmental management to reasonably protect human health and the environment in accordance with the Environmental Improvement Act, Chapter 74-1-1, NMSA 1978 (Act). Among other things, one of the functions of the Act is to create a department accountable to manage environmental issues in the State. The Environment Department has been designated as the responsible government unit. The Environment Department is to “serve as agent of the state in matters of environmental management and consumer protection not expressly delegated by law to another department, commission or political subdivision in which the United States is a party” through the enforcement of rules, regulations, and orders promulgated by the Environment Department and consumer protection laws.

GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance in estimating and reporting the potential costs of pollution remediation. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care. While GASB 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any obligating events specified in Statement No. 49 has occurred.

Leaking Petroleum Storage Tanks (LPST) - The State oversees cleanups of LPST sites and reimburses eligible parties from the petroleum storage tank corrective action fund, which has paid for the vast majority of LPST cleanups. For priority 1 State Lead sites, in which there is an imminent danger to the public health or environment, and the State has obligated itself to begin remediation clean-up activities as a result of an unwilling or unable property owner or operation the State has recorded a remediation liability in the amount of \$688 as of June 30, 2015.

Superfund - The Superfund Oversight Section of the State assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List. There are currently 15 listed Superfund sites and five deleted sites in New Mexico, which are in various stages of investigation and remediation. Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites or phases without budget projections, Superfund Program and Project Managers estimated costs for the Superfund phases of investigation and cleanup, based on experience with similar sites. Sites estimates may change drastically from one year to another as the investigations continue or remediation progresses. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulations, or other unforeseen conditions. The state does not expect any recoveries from other responsible parties that would reduce this liability. As of June 30, 2015, the estimated pollution remediation liability for Superfund sites is \$48,310.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ Indian Water Rights Liability

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 Nambé, 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.

Each of the agreements involves a contribution from the State of New Mexico in the form of construction of infrastructure. The value of infrastructure and mutual benefits projects contemplated in the three settlements are estimated at more than \$1.7 billion as of June 30, 2015. The State will not own the infrastructure once completed; the infrastructure and projects will be owned by tribal and local governments. Costs are expected to be borne as follows (in thousands):

Federal government	\$	1,519,564	State Portion as Indicated	\$	\$1,519,564
Local governments		83,428	Estimated State Credit		83,428
State of New Mexico		149,850	Ditch Repair Credit		83,428
Total estimated costs	\$	<u>\$1,752,842</u>	Expended to Date		<u>149,850</u>
				\$	<u>\$316,706</u>

The State estimates that the State of New Mexico will receive a credit towards its cost share of about \$30.4 million. A portion of the State's share includes \$10 million on non-mandatory expenditures for ditch rehabilitation under the Navajo Settlement. Net of these items, the State's obligation under the three settlements will require total expenditures of close to \$108.5 million.

As of the fiscal year ended June 30, 2015, the State expended \$29.4 million of the total of \$35 million in state funding received to-date restricted for the Indian Water Rights Settlement agreements, with \$5.6 million unexpended as of June 30, 2015. The State was appropriated an additional \$12.7 million during the fiscal year, but the funds had not been received prior to the end of the fiscal year.

Actual amounts recorded may require future adjustments that could increase or decrease the liability due to the on-going nature of the settlement negotiations and the credit provisions in the settlements. Due to the fact that negotiations related to the timing of the payments are still continuing among the affected parties, the State is unable to estimate the amount due for these settlements during the next five, as well as subsequent, years. Likewise, interest expense related to these settlements cannot be imputed at this time.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### F. Short-term Debt

The State issues one to three-day sponge bonds in order to utilize available cash proceeds more effectively. The following were issued and paid during the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Sponge Bonds	\$ -	\$ 342,687,150	\$ (342,687,150)	\$ -

#### G. Discretely-presented Component Units

Outstanding bonds payable for the New Mexico Finance Authority are as follows:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### Bonds Payable - New Mexico Finance Authority

(Expressed in Thousands)

Bond Series	Interest Rate (%)	Maturity Date	Original Issue	Balance June 30, 2015
<b>Public Project Revolving Fund - Senior Lien:</b>				
2005 A - B	3.5 - 5.0	2013 - 2025	\$ 32,515	\$ 9,285
2006 B & D	4.3 - 5.0	2013 - 2036	94,660	69,415
2007 E	4.3 - 5.0	2013 - 2032	61,945	37,085
2008 A - C	3.0 - 6.0	2013 - 2038	224,640	167,980
2009 A - E	2.3 - 6.1	2013 - 2038	161,815	117,365
2010 A - B	2.0 - 6.4	2013 - 2039	85,175	63,060
2011 A - C	2.0 - 5.0	2013 - 2036	126,055	86,355
2012 A	1.5 - 5.5	2013 - 2038	24,340	21,265
2013 A - B	2.0 - 5.0	2013 - 2038	60,645	52,085
2014 B	2.0 - 5.0	2016 - 2035	58,235	54,970
2015 B	2.3 - 5.0	2016 - 2045	45,325	45,325
Subtotal			<u>975,350</u>	<u>724,190</u>
<b>Public Project Revolving Fund - Subordinate Lien:</b>				
2005 C - F	3.6 - 5.0	2013 - 2025	95,665	23,320
2006 A & C	4.0 - 5.0	2013 - 2035	89,405	28,175
2007 A - C	4.0 - 5.3	2013 - 2034	204,345	127,465
2013 C-1, 2	0.9 - 5.0	2014 - 2029	14,295	11,570
2014 A-1, 2	0.3 - 5.0	2014 - 2034	31,940	29,900
2015 A	3.0 - 5.0	2016 - 2035	63,390	62,355
Subtotal			<u>499,040</u>	<u>282,785</u>
Total Public Project Revolving Fund			<u>1,474,390</u>	<u>1,006,975</u>
<b>Pooled Equipment Certificates of Participation:</b>				
1995 A	6.3	2015	4,288	19
1996 A	5.8	2016	1,458	9
Subtotal			<u>5,746</u>	<u>28</u>
<b>Other:</b>				
1996 State Capitol Building Improvement	7	2015	9,315	-
2004 A Cigarette Tax - University of New Mexico	4.0 - 5.0	2019	39,035	6,895
2006 Cigarette Tx - Behavioral Health Projects	5.5	2026	2,500	1,375
Subtotal			<u>50,850</u>	<u>8,270</u>
Total Bonds Outstanding			<u>1,530,986</u>	<u>1,015,273</u>
Unaccreted Bond Premium/Deferred Charge, Net				<u>41,631</u>
<b>Total Bonds Payable</b>				<b><u>\$ 1,056,904</u></b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

Outstanding bonds payable for the New Mexico Mortgage Finance Authority are as follows:

**Bonds Payable - New Mexico Mortgage Finance Authority**

(Expressed in Thousands)

Bond Series	Maturity Date	Interest Rate (%)	Balance September 30, 2015
Single Family Mortgage Programs:			
Series 1994 A	2025	6.9	\$ -
Series 2005 A - D	2036 - 2037	3.9 - 6.1	-
Series 2006 A - F	2037 - 2038	4.3 - 6.2	51,310
Series 2007 A - E	2038 - 2039	3.9 - 6.4	66,195
Series 2008 A - D	2039	4.0 - 7.0	41,445
Series 2009 A - E	2039 - 2040	3.2 - 6.0	95,375
Series 2010 A	2040	3.0 - 4.6	40,165
Series 2011 A - C	2030 - 2041	2.3 - 5.4	72,855
Series 2012 A - B	2043	1.2 - 4.3	74,260
Series 2013 A - C	2043	2.2 - 4.5	74,255
Series 2014 A - B	2035 - 2044	0.9 - 5.0	23,146
Series 2015 A - D	2035 - 2045	0.3 - 4.0	79,828
Total Single Family Mortgage Programs			618,834
Unaccreted Bond Premium/Discount, Net			11,934
Total Single Family Mortgage Programs Payable			<u>\$ 630,768</u>
Rental Housing Mortgage Programs:			
Series 2002 A - B	2038	5.4 - 6.8	8,595
Series 2003 A - B	2038	5.1 - 5.4	8,120
Series 2004 A - G	2039 - 2040	5.0 - 6.0	28,880
Series 2005 A - F	2040	4.7 - 5.1	25,975
Series 2007 A - D	2042 - 2043	5.1 - 10.0	18,632
Series 2008 A - B	2043	0.0 - 0.5 *	8,520
Series 2010 A - B	2047	5.0	870
Series 2012 A	2049	5.0	4,924
Series 2014 A	2017	2.7 - 2.8	2,516
Total Rental Housing Mortgage Payments			107,032
Unaccreted Bond Premium/Discount, Net			156
Total Rental Housing Mortgage Programs Payable			<u>\$ 107,188</u>
Capital Debt:			
Series 2005 General Revenue Office Bldg Refunding	2026	3.8 - 4.4	-
Unamortized Discount			-
Total Capital Debt Payable			-
Total General Obligation Bonds Outstanding			725,866
Total Unaccreted Bond Premium/Discount, Net			12,090
<b>Total Bonds Payable</b>			<u><b>\$ 737,956</b></u>

\* Determined on a weekly basis until adjusted to reset rates or fixed rates



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

Annual debt service requirements to maturity are as follows:

<b>Debt Service Requirements to Maturity</b>						
<b>For Fiscal Years End September 30</b>						
<b>New Mexico Finance Authority</b>				<b>New Mexico Mortgage Finance Authority</b>		
<i>(Expressed in Thousands)</i>				<i>(Expressed in Thousands)</i>		
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 75,943	\$ 48,997	\$ 124,940	\$ 13,837	\$ 30,754	\$ 44,591
2017	74,440	43,923	118,363	16,581	30,193	46,774
2018	76,025	40,617	116,642	14,774	29,554	44,328
2019	77,580	37,235	114,815	15,343	28,884	44,227
2020	67,495	33,824	101,319	16,122	28,282	44,404
2021 - 2025	332,345	120,956	453,301	92,790	129,417	222,207
2026 - 2030	179,355	54,571	233,926	132,032	103,365	235,397
2031 - 2035	107,390	20,508	127,898	148,465	72,905	221,370
2036 - 2040	21,140	2,352	23,492	147,471	36,581	184,052
2041 - 2045	3,560	427	3,987	127,382	10,371	137,753
2046 - 2049	-	-	-	1,069	96	1,165
	<u>1,015,273</u>	<u>403,410</u>	<u>1,418,683</u>	<u>725,866</u>	<u>500,402</u>	<u>1,226,268</u>
Net Unaccreted Premium	41,630	-	41,630	12,090	-	12,090
<b>Total</b>	<b><u>\$ 1,056,903</u></b>	<b><u>\$ 403,410</u></b>	<b><u>\$ 1,460,313</u></b>	<b><u>\$ 737,956</u></b>	<b><u>\$ 500,402</u></b>	<b><u>\$ 1,238,358</u></b>

Details of the Mortgage Finance Authority Notes Payable follows:

<b>New Mexico Mortgage Finance Authority</b>				<b>Debt Service Requirements to Maturity</b>			
<b>Notes Payable</b>				<b>For Fiscal Years End September 30</b>			
<i>(Expressed in Thousands)</i>				<i>(Expressed in Thousands)</i>			
<b>Note</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Balance Sept. 30, 2015</b>	<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Note Payable, Wells Fargo	2024	2.0 - 6.0	\$ 650	2016	724	61	785
Note Payable, Wells Fargo	2021	2.0	850	2017	74	46	120
Note Payable, USDA	2042	1.0	2,000	2018	74	46	120
Note Payable, NMSBIC	2018	2.0	512	2019	587	39	626
				2020	74	34	108
<b>Notes Payable</b>			<b><u>\$ 4,012</u></b>	2021 - 2025	1,221	115	1,336
				2026 - 2030	370	55	425
				2031 - 2035	370	37	407
				2036 - 2040	370	18	388
				2041 - 2045	148	2	150
				2046 - 2049	-	-	-
				<b>Total</b>	<b><u>\$ 4,012</u></b>	<b><u>\$ 453</u></b>	<b><u>\$ 4,465</u></b>

The borrowings were made to raise capital to help fund the Primero Loan Program, which provides loans for nonprofit, public or tribal agency sponsored affordable projects.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9

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#### NOTE 9. Net Position and Fund Equity

##### A. Governmental Fund Balances

Fund balances of governmental funds are classified as:

- Non-spendable – amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be intact. Examples include inventories and statutory minimum fund balance requirements.
- Restricted – amounts where legally enforceable constraints are imposed by an external party such as a grantor, by the State Legislature, or by the constitution at the same time the revenue is created.
- Committed – amounts where constraints are imposed by formal action of the government’s highest level of decision-making authority, the State Legislature or the Governor, which cannot be used for any other purpose unless the constraint is changed by similar action. These constraints are imposed separately from the creation of the revenue.
- Assigned – amounts where constraints are imposed on the use of resources through the intent made by any level of decision-making authority in the government if the governing body has expressly delegated that authority to the official or to a committee.
- Unassigned – the residual amount after all classifications have been considered. The General Fund is the only fund that reports a positive unassigned fund balance.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

A summary of the nature and purpose of governmental fund balances, by fund type, at June 30, 2015, follows (in thousands):

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Severance Tax</u>	<u>Land Grant</u>	<u>Total</u>
Nonspendable:						
Prepaid Expenses	\$ 17,849	\$ -	\$ -	\$ -	\$ -	\$ 17,849
Inventories	34,584	-	-	-	-	34,584
Other					10,000,000	10,000,000
Total Nonspendable	<u>\$ 52,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,052,433</u>
Restricted:						
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture, Recreation and Natural Resources	147,054	-	19,956	-	-	167,010
Debt Service	-	191,801	-	-	-	191,801
Education	63,523	-	757	-	-	64,280
General Control	332,880	-	1,162,229	4,730,350	4,882,172	11,107,631
Health and Human Services	100,560	-	257	-	-	100,818
Highway and Transportation	98,721	-	-	-	-	98,721
Judicial	8,385	-	-	-	-	8,385
Legislature	2,675	-	-	-	-	2,675
Public Safety	20,550	-	101	-	-	20,650
Regulation and Licensing	141,853	-	49	-	-	141,902
Total Restricted	<u>\$ 916,201</u>	<u>\$ 191,801</u>	<u>\$ 1,183,349</u>	<u>\$ 4,730,350</u>	<u>\$ 4,882,172</u>	<u>\$ 11,903,873</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Severance Tax</u>	<u>Land Grant</u>	<u>Total</u>
Committed:						
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture, Recreation and Natural Resources	5,789	-	8,954	-	-	14,744
Education	11,033	-	1,103	-	-	12,136
General Control	519,903	-	1	-	-	519,904
Health and Human Services	5,446	-	-	-	-	5,446
Highway and Transportation	150,365	-	699	-	-	151,064
Judicial	2,207	-	-	-	-	2,207
Public Safety	-	-	-	-	-	-
Regulation and Licensing	439	-	-	-	-	439
Total Committed	<u>\$ 695,182</u>	<u>\$ -</u>	<u>\$ 10,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705,940</u>
Assigned:						
General Control	\$ 713	\$ -	\$ -	\$ -	\$ -	\$ 713
Health and Human Services	9,779	-	-	-	-	9,779
Judicial	2,536	-	-	-	-	2,536
Public Safety	2,693	-	-	-	-	2,693
Regulation and Licensing	674	-	-	-	-	674
Total Assigned	<u>\$ 16,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,395</u>
Unassigned:						
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-	-
Culture, Recreation and Natural Resources	8,585	-	-	-	-	8,585
Education	(18,929)	-	-	-	-	(18,929)
General Control	209,615	-	-	-	-	209,615
Health and Human Services	(11,118)	-	-	-	-	(11,118)
Highway and Transportation	37,852	-	-	-	-	37,852
Judicial	2,688	-	-	-	-	2,688
Legislature	(1,123)	-	-	-	-	(1,123)
Public Safety	(7,172)	-	-	-	-	(7,172)
Regulation and Licensing	(30,466)	-	-	-	-	(30,466)
Total Unassigned	<u>\$ 189,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,932</u>

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

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#### **B. Deficit Net Position/ Fund Equity**

##### **Governmental Activities**

The net position of the Risk Management Internal Service Fund reported a deficit as a result of actuarially-recognized claims. This deficit put the entire Internal Service Fund into a deficit net position.

#### **C. Net Position/Fund Balance Restatements -**

##### **1. Correction of Errors**

During the fiscal year ended June 30, 2015, the State determined that several errors in accounting and reporting had been made in the prior fiscal year. The effect of the correction of those errors together with the adoption of the new accounting principle on beginning net position and governmental fund balances follows (in thousands):

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

#### Summary of Adjustments, Net Position/Fund Balance

##### Government-wide Statements -

##### Governmental Activities:

##### Adoption of New Accounting Principle

GASB Statement No. 68:

Recognize share of net pension liab. \$ (2,134,828)

##### Corrections of Errors:

Capital Assets understated 47

Compensated absences understated (347)

Loans payable overstated 1,277

Land Grant Fund change of reporting 13,425,751

Correction of errors (204,770)

**Total government-wide adjustments** 11,087,130

##### Governmental fund financial statements:

##### General Fund

Correction of errors (138,315)

##### Debt Service Fund

Correction of errors (1,261)

##### Capital Projects Fund

Correction of errors 14,035

##### Severance Tax Fund

Correction of errors 1

##### Land Grant Fund

Change of reporting entity (Land Grant Fund) 13,425,751

**Total governmental funds adjustments** 13,300,211

##### Internal Service Funds:

Recognize share of net pension liab. (35,397)

Correction of errors (112)

Total internal service fund adjustments (35,509)

##### Total adjustments, Governmental

Activities \$ 11,087,130

##### Pension Trust Funds:

Overstatement of prior year accruals \$ (6,149)

##### External Investment Trust Funds:

Correction of Allocation Method \$ (6,813)

##### Private Purpose Trust Funds:

Change of reporting entity (Land Grant Fund) (12,076,589)

##### Agency Funds:

Correction of reporting errors \$ 25,042

##### Business - type Activities, Educational Institutions:

##### Adoption of New Accounting Principle

GASB Statement No. 68:

Recognize share of net pension liab. \$ (1,718,852)

##### Corrections of Errors

Unrecorded loans payable - NMFA (1,015)

Reduce investments and income due to

Land Grant Fund change of reporting

entity (1,349,162)

**Total adjustments, Educ. Inst.** (3,069,029)

##### Nonmajor Enterprise Funds:

Recognize share of net pension liab. (23,829)

Change of reporting year, two fund (954)

Notes payable previously recorded

in governmental activities (217)

Total adjustments, nonmajor funds (25,000)

##### Total adjustments,

**Business - type Activities** \$ (3,094,029)

##### Component Units:

Adoption of new accounting principle

GASB Statement No. 68 \$ (93,428)

Addition and deletion of entities, net 35,026

Correction of reporting errors 526

##### Total Adjustments,

**Component Units** \$ (57,876)

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

The following schedule reconciles June 30, 2015, Net Position/fund balance previously reported to beginning Net Position/fund balance, as reported in the accompanying financial statements(in thousands):

<b>Net Position/Fund Balance Restatements</b>							
<b>Governmental Activities:</b>	Net Position - Governmental Activities	General Fund	Debt Service	Capital Projects	Total Net Position - Severance Tax	Land Grant	Internal Svc. Funds
Beg. Net Position/Fund Balances, as Previously Reported	\$ 13,554,739	\$ 1,775,901	\$ 266,986	\$ 1,242,140	\$ 4,768,257	\$ 919,577	\$ (41,283)
Adjustments	11,087,130	(138,315)	(1,261)	14,035	1	13,425,752	(35,509)
Beg. Net Position/Fund Balances, as Restated	<u>\$ 24,641,869</u>	<u>\$ 1,637,586</u>	<u>\$ 265,725</u>	<u>\$ 1,256,175</u>	<u>\$ 4,768,258</u>	<u>\$ 14,345,329</u>	<u>\$ (76,792)</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2014	<u>\$ (162,026)</u>	<u>\$ (138,315)</u>	<u>\$ (1,261)</u>	<u>\$ 14,035</u>	<u>\$ 1</u>	<u>\$ 13,425,752</u>	<u>\$ (112)</u>
<b>Business-type Activities:</b>	Net Position - Business-type Activities	Educational Institutions	Nonmajor Enterprise	Component Units			
Beg. Net Position, as Previously Reported	\$ 4,576,192	\$ 3,989,547	\$ 586,645	\$ 1,263,608			
Adjustments	(3,094,029)	(3,069,029)	(25,000)	(57,876)			
Beg. Net Position, as Restated	<u>\$ 1,482,163</u>	<u>\$ 920,518</u>	<u>\$ 561,645</u>	<u>1,205,732</u>			
Effect on Change in Net Position FYE June 30, 2014	<u>\$ (1,640)</u>	<u>\$ (1,015)</u>	<u>\$ (954)</u>	<u>\$ 35,552</u>			
<b>Fiduciary Funds:</b>	Pension Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds				
Beg. Net Position, as Previously Reported	\$ 26,838,655	\$ 525,963	\$ 14,511,848				
Adjustments	(6,149)	(6,813)	(12,076,589)				
Beg. Net Position, as Restated	<u>\$ 26,832,506</u>	<u>\$ 519,150</u>	<u>\$ 2,435,259</u>				
Effect on Change in Net Position FYE June 30, 2014	<u>\$ (4,154)</u>	<u>\$ (6,813)</u>	<u>\$ (12,076,589)</u>				
<b>Fiduciary Funds:</b>	Agency Funds						
Beg. Total Assets and Total Liabilities, as previously reported	\$ 2,951,291						
Adjustment - Correction of Errors	(204,631)						
Beg. Total Assets and Total Liabilities, as Restated	<u>\$ 2,746,660</u>						

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 10

#### NOTE 10. Leases

##### Operating Leases

The State leases building and office facilities and other equipment under operating leases. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligation. If an appropriation is reasonably assured, leases are considered non-cancellable for financial reporting purposes.

Operating leases contain various renewal options, as well as some purchase options; however, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Operating lease payments are recorded as expenditures or expenses when paid or incurred. Commitments under operating leases are as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Fiduciary</u>
2016	\$ 56,757	\$ 13,282	\$ 168
2017	51,049	11,836	123
2018	46,046	7,643	124
2019	33,463	6,559	123
2020	23,956	4,310	115
2021 - 2025	71,045	9,905	28
2026 - 2030	1,879	6,260	-
2031 & Thereafter	-	4,876	-
	<u>\$ 284,195</u>	<u>\$ 64,671</u>	<u>\$ 681</u>

Operating lease expenditures/expenses for fiscal year 2015 for governmental activities, business-type activities, and fiduciary activities, respectively were \$71,533, \$23,811, and \$202.

##### Capital Leases

The State is obligated under lease purchase contracts. In the opinion of counsel for the State, these lease purchase contracts comply with the State Supreme Court Montano vs. Gabaldon decision, in that payments for these will be made from Special Revenue Funds and not from general tax revenue.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 10 (CONTINUED)

The future minimum lease payments for the capital leases are as follows (in thousands):

	<u>Governmental</u>	<u>Business-type</u>
2016	\$ 4,051	\$ 553
2017	4,047	500
2018	4,049	389
2019	4,047	173
2020	4,047	1
2021-2025	20,246	-
2026-2030	20,250	-
2031-2035	20,247	-
2036-2040	<u>12,140</u>	<u>-</u>
Total Lease Payments	93,125	1,616
Less: Amounts		
Representing Interest	<u>(38,795)</u>	<u>(81)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 54,330</u></b>	<b><u>\$ 1,535</u></b>

As of June 30, 2015, the historical cost of the primary government's assets acquired through capital leases was \$51,482 for governmental activities, a building, and \$5,881 for business-type activities, consisting of equipment.

#### Lessor Revenue

The State is also the lessor of office space. Amounts to be received in future years are as follows:

	<u>Governmental</u>		<u>Business-type</u>
2016	\$ 1,183	2016	\$ 6,594
2017	1,115	2017	4,889
2018	3,151	2018	3,794
2019	3,154	2019	3,607
2020	3,127	2020	3,603
2021 & Thereafter	<u>36,984</u>	2021 - 2025	904
	<b><u>\$ 48,714</u></b>	2026 - 2030	343
		2031 - 2035	343
		2036 - 2040	1,109
		2041 & Thereafter	<u>618</u>
			<b><u>\$ 25,804</u></b>

The historical cost for the assets which are leased is \$129.7 million for governmental activities (mostly for use of hangar and runway facilities at the Spaceport) and \$145 million for business-type activities.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 11

#### NOTE 11. Risk Management

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through its Internal Service Fund (ISF). Coverage is provided for the following:

- Workers' Compensation
- Civil Rights and Foreign Jurisdiction
- Aircraft
- Money and Securities
- Health/Life
- General Liability
- Automobile
- Property
- Employee Fidelity Bond
- Short-term & Long-term Disability

Coverage includes all entities of the State, including the educational institutions reported in the enterprise fund. The Internal Service Fund services all claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and unemployment compensation. ISF has reinsurance for liability and civil rights claims in the amounts of \$1,050,000 each. The ISF has a tort claim cap of \$1,050,000. Civil rights claims may exceed this amount and the ISF has reinsurance from \$5,000,000 to \$10,000,000. The ISF would then be liable for the amount remaining above \$10,000,000. All funds, agencies, and authorities of the State participate in ISF. ISF allocates the cost of providing claims servicing and claims payment by charging a premium to each fund, agency, or public authority based on claims history and exposure of each participant. The charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophe losses.

ISF fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated annually to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Total insurance claims payable at June 30, 2015, were \$201,507,120. The amounts of the liabilities are determined by independent actuarial consultants to the ISF. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 2.0 percent annual rate, except for long-term disability liability, which is computed at 5.0 percent annual rate, between June 30, 2015 and the date the claims are ultimately expected to be paid.

Insurance claims payable presented are actuarial computed estimates of the costs of administering, defending, and settling claims for events that had occurred as of the year-end. Since these estimates are based on historical information and various statistical measures, actual amounts paid may vary significantly from the amount estimated

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 11 (CONTINUED)

by the fund actuaries and reported herein. The basis of estimating the liabilities for unpaid claims is found in the independent actuarial report.

The following shows the reconciliation of changes in the unpaid claims in the ISF, which are stated at present value (in thousands):

	<b>Balance June 30, 2014</b>	<b>Incurred (Net of Actuarial Provision)</b>	<b>Payments</b>	<b>Balance June 30, 2015</b>
Surety Bond	\$ 6	\$ 247	\$ (249)	\$ 4
Public Property Reserve	2,355	5,943	(6,446)	1,853
Workers Compensation	48,857	15,717	(15,557)	49,017
Public Liability	107,285	26,995	(29,094)	105,186
State Unemployment	5,812	(497)	(1)	5,314
Local Public Body	1,279	325	(435)	1,169
Group Insurance Premium	37,890	313,583	(312,509)	38,964
<b>Total</b>	<b>\$ 203,484</b>	<b>362,313</b>	<b>(364,291)</b>	<b>201,507</b>

	<b>Balance June 30, 2013</b>	<b>Incurred (Net of Actuarial Provision)</b>	<b>Payments</b>	<b>Balance June 30, 2014</b>
Surety Bond	\$ 6	\$ (252)	\$ 252	\$ 6
Public Property Reserve	1,750	6,449	(5,844)	2,355
Workers Compensation	50,533	13,454	(15,130)	48,857
Public Liability	108,463	16,737	(17,915)	107,285
State Unemployment	7,929	(2,116)	(1)	5,812
Local Public Body	1,744	1,237	(1,702)	1,279
Group Insurance Premium	42,250	285,436	(289,796)	37,890
<b>Total</b>	<b>\$ 212,675</b>	<b>\$ 320,945</b>	<b>\$ (330,136)</b>	<b>\$ 203,484</b>

It is possible that other claims against ISF may exist, but have not been asserted.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12

#### NOTE 12. Pension Plans

##### A. New Accounting Standard

As stated in Note 1, para. 19, the State adopted *GASB Statement No. 68, Financial Reporting for Pension Plans* effective July 1, 2014. This statement revises existing guidance for the financial reporting of pension plans. Among other things, the statement requires that pension plans report in the Notes to the Financial Statements the total pension liability, the plan's fiduciary net position, the net pension liability, and the percentage of fiduciary net position to total pension liability. Plans must disclose the significant assumptions used to measure the total pension liability, must use a more standardized discount rate, and must present the net pension liability using a discount rate one percentage point higher and lower than that used. These requirements, and others contained in the statement, should enable readers of the financial statements to better understand the costs and benefits of the retirement plans.

##### B. Plan Descriptions

The State maintains five public employees' retirement systems (Systems): Four separate systems are administered by the New Mexico Public Employees' Retirement Association (PERA) and one system is administered by the New Mexico Educational Employees' Retirement Board (ERB).

PERA is the administrator of the Public Employees Retirement System (PERS), the Judicial Retirement System (JRS), the Magistrate Retirement System (MRS), and the Volunteer Firefighter Retirement System (VFRS). ERB is the administrator of the Educational Employees Retirement System (EERS). Collectively, the Systems offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators. The laws governing the administration of the Systems are set forth in Chapter 10, NMSA 1978, and applicable Replacement Pamphlets.

PERA is directed by the Public Employees Retirement Board (Board), which consists of twelve members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

ERB is directed by the Educational Retirement Board, composed of seven members. Board members include:

- Secretary of Public Education, who is appointed by the Governor;
- State Treasurer;
- One member elected by the membership of the NM Association of Educational Retirees;
- One member elected by the membership of the National Education Association of New Mexico;
- One member elected by the membership of the American Association of University Professors;
- Two members appointed by the Governor.

PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, 33 Plaza La Prensa, Santa Fe, NM 87507. ERB issues a separate, publicly available financial report that includes financial statements and required

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

supplementary information. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. In addition, both reports may be obtained from the New Mexico State Auditor's website at [www.osanm.org](http://www.osanm.org).

The number of participating government employers, and the number of members for each system for the year ended June 30, 2015, were (not in thousands):

	PERS*	JRS	MRS	VFRS	EERS
Number of Employers					
State Agencies	182	15	5	-	11
Cities, Towns, Villages	88	-	-	-	-
Counties	33	-	-	-	-
Public Schools	-	-	-	-	89
Universities and Colleges	-	-	-	-	15
Special Schools	-	-	-	-	4
Charter Schools	-	-	-	-	97
Other	70	-	-	367	-
<b>Totals</b>	<b>373</b>	<b>15</b>	<b>5</b>	<b>367</b>	<b>216</b>
Retirees and Beneficiaries					
Receiving Benefits	35,672	152	102	1,004	44,043
Terminated Plan Members					
not yet Receiving Benefits	11,634	23	16	657	41,048
Active Plan Members	49,173	127	60	8,136	60,998

\* Note: PERA Retirement Fund includes the Legislative Fund

### C. Funding and Benefit Policies

**Public Employees Retirement System (PERS)** – This plan is a cost sharing, multiple - employer defined benefit pension plan with six divisions of members: State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10-11-3, NMSA 1978.) Except as provided for in the Volunteer Firefighter Retirement Act (Chapters 10-11A-1 to 10-11A-7, NMSA 1978), the Judicial retirement Act (Chapters 10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (Chapters 10-12C-1 to 10-12C-18, NMSA 1978), the Educational Retirement Act (Chapter 22-11, NMSA 1978), and the provisions of Chapters 29-4-1 through 29-4-11, NMSA 1978, governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for Tier I members (as defined later in these notes). Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of normal retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2.0 percent to 3.5 percent of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60.0 percent to 90.0 percent of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

For Tier II, the retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (applicable to those hired after July 1, 2013 – Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credits equals at least 85, or at 67 with eight or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4, and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers, and municipal juvenile detention officers will remain in 25-year retirement plans; however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II, pension factors were reduced by 0.5 %, employee contributions increased 1.5%, and effective July 1, 2014, employer contributions were raised 0.05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contribution rates for members vary depending on the plan under PERS. Employee contribution rates range from 4.78 % to 18.15% of annual salary, and employer rates range from 7.0% to 25.72%. Generally, Tier I regular state members contribute 7.42% to 8.92%, while employers contribute 16.59%.

***State Legislative Fund*** – This plan is a defined benefit pension plan which is accounted for in PERS. State Legislators and lieutenant governors must elect to be a member no later than 180 days after first taking office to be covered under this plan. Member contributions are \$500 for each year of service credit prior to the 2012 legislative session and \$600 for each year beginning with that session. The State is required to contribute sufficient amounts to finance the membership of members under state legislator coverage plan 2 on an actuarial reserve basis. The total actuarially determined amount for the State Legislative Fund for the fiscal year ended June 30, 2015 was \$0.

Age and service requirements for retirement are age 65 or older with 5 or more years of service credit or any age with 10 or more years of service credit. Legislative members who meet retirement eligibility requirements receive annual pensions equal in any calendar year to 11% of the per diem rate in effect on the first day of the calendar year that the member retires multiplied by 60 and further multiplied by credited service. The per diem rate for January 1, 2014 was \$159. The per diem rate starting January 1, 2015 increased to \$165.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

**Judicial Retirement Fund** – This plan is a single employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in Chapter 10-12B-4, NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded.

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75.0 percent of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years.

For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75.0 percent of salary received during the last year in office prior to retirement multiplied by 5.0 percent of the number of years in service, not exceeding 15 years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of 3.75 percent times the sum of the number of years of service; provided that a pension calculated shall not exceed 75.0 percent of one-twelfth of the salary received during the last year in office.

The retirement age and service credit requirements for normal retirement for judicial members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 33 Substitute in the 2014 Legislative Session. Under the new requirements, judicial members are eligible to retire at age 65 with 8 or more years of service or at age 60 with 15 or more years of service credit.

Members contribute at a rate of 10.5 percent of their salaries and the member's court contributes at a rate of 15.0 percent of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid in the district court, \$25 from each civil docket fee paid in metropolitan court and \$10 (not in thousands) for each jury fee paid in metropolitan court. Contribution rates are established by State statute. Various other changes took place under House Bill 33 which amended the Judicial Retirement Act.

**Magistrate Retirement Fund** – This plan is a single employer defined benefit pension plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in Chapter 10-12C-4, NMSA 1978. Every magistrate becomes a member in the Magistrate Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Benefits are available at age 64 or older to any member having served as a magistrate for a minimum of five years. Retirement is available at age 60 to any magistrate or former magistrate having served at least 15 years or at any age with 24 or more years of service credit. The annual pension amount is determined by multiplying 75.0% of the salary received during the last year in office prior to retirement by 5.0% of the number of years of service, not exceeding 15 years, plus five years.

Effective July 1, 2014, membership is mandatory, all magistrate pension factors were reduced, employee contributions increased 3 percent, and the computation of final average salary increased as the average of salary for the 60 consecutive months prior to retirement. Employer contributions increased by 4% effective July 1, 2015.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

In addition, cost-of-living increases were suspended for two consecutive fiscal years, and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

Member contributions are based on 10.5 percent of salaries and the State, through the administrative office of the courts, contributes at a rate of 11.0 percent of the member's salary. Additionally, the magistrate or metropolitan courts contribute \$25 for each civil case docket fee paid and \$10 for each civil jury fee paid in magistrate court. Contribution rates are established by State statute. Certain other changes took place under House Bill 216 and amended the Magistrate Retirement Act.

***Volunteer Firefighters Retirement Fund*** – This plan is a single employer defined benefit pension plan with a special funding situation. Eligibility for membership in the Volunteer Firefighters Retirement Fund is set forth in Chapter 10-11A-2, NMSA 1978. Any volunteer non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in the Volunteer Firefighters Retirement Fund. Benefits are available at age 55 or older to any member having served as a volunteer fire fighter for a minimum of 10 years. Benefits are \$125 per month, as of July 1, 2013, with at least 10 but less than 25 years of service or \$250 per month with 25 or more years of service. Benefits for post-retirement surviving spouse annuities are also available. Members of the Volunteer Firefighters Retirement Fund do not make individual contributions to the plan. State statutes require that the State Treasurer transfer \$750,000 during the fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

***Educational Employees' Retirement System*** - The New Mexico Educational Retirement Board (ERB) was created by the Educational Retirement Act, Chapters 22-11-1 to 22-11-52, NMSA 1978, as amended, to administer and have the responsibility for operating the Educational Employees' Retirement Plan. ERB is an agency of the State. The plan administered by ERB is considered part of the State financial reporting entity and is a pension trust fund of the state.

This plan is a cost-sharing multiple employer pension plan established by statute and administered by ERB to provide retirement, disability, and death benefits for all certified teachers and other employees of the State's elementary, secondary, and higher educational institutions, junior colleges, and technical-vocational institutions.

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 9.4% of gross salary in fiscal year 2013; 10.1% of gross salary in fiscal year 2014; and 10.7% of gross salary in fiscal year 2015 and thereafter. Employers are required to contribute 13.15% of gross covered salaries in fiscal year 2014 and 13.9% of gross covered salaries in fiscal year 2015 and thereafter. The statutory contribution requirements can be changed by the State Legislature.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more;
- The member is at least sixty-five years of age and has five or more years of earned service credit;
- The member has service credit totaling 25 years or more.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then becomes reemployed after that date is as follows:

- The member's age and earned service credit add up to the sum of 80 or more.
  - The member is at least 67 years of age and has five or more years of earned service credit.
  - The member has service credit totaling 30 years or more.
- 1) To retire, a member must have at least one year of employment after July 1, 1957, and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five years of contributory employment, may contribute to the fund for each year needed.
  - 2) *Forms of Payment* - The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.
  - 3) *Benefit Options* - There are three benefit options available:

Option A – Single Life annuity. There are no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of contributions plus interest less benefits paid.

Option B - The single life annuity monthly benefit is reduced to provide for a 100.0 percent survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by adding back the amount by which the benefit was reduced at retirement due to the election of Option B retroactively to the time of retirement.

Option C – The single life annuity monthly benefit is reduced to provide for a 50.0 percent survivor's benefit. The reduced benefit is payable during the life of the member, with provision that, upon death, the reduced 50.0 percent benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by adding the amount by which the benefit was reduced at retirement due to the election of Option C retroactively to the time of retirement.

- 4) *Cost of Living Adjustment* - Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. As of July 1, 2013, for current and future retirees, the COLA is immediately reduced until the plan is 100% funded.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

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5) *Disability Benefit:*

Eligibility - A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by the Board.

Monthly Benefit - The monthly benefit is equal to 2.0 percent of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2.0 percent of FAS times years of service projected to age 60.

Form of Payment - The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are available.

6) *Disability Retirement* - A member with five or more years of earned service credit on deferred status may retire when eligible under the Rule of 75 or when the member attains age 65.

7) The Educational Retirement Act, Chapters 22-11-1 to 22-11-53, NMSA 1978, assigns the authority to establish and amend benefit provisions to the Board.

The retirement benefit is determined by a formula. The formula includes three component parts: the member's final average salary, the number of years of service credit, and the 0.02 constant factor. The final average salary (FAS) is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

*Refund of Contributions* - Members may withdraw their contributions only when they terminate covered employment in the State and certification of termination has been provided by their former employers. Interest paid to members when they withdraw their contributions following termination of employment is at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or those on deposit for less than one year.

*Alternative Retirement Plan* - The New Mexico legislature established the Alternative Retirement Plan (ARP) through the enactment of NMSA 1978, Chapters 22-11-47 through 52. In contrast to the regular defined benefit plan administered by the Educational Retirement Board (ERB), the ARP is a defined contribution plan. Beginning on July 1, 1991 at the State's six institutions of higher education, and July 1, 1999 at the State's eight community colleges (the colleges and universities are referred to as the "qualifying state educational institutions"), certain faculty and professional employees in eligible positions have the option of electing to participate in the ARP in lieu of participating in the regular defined benefit plan.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

#### D. Net Pension Liability

The total pension liability, net pension liability, and certain sensitivity information presented on the next page are based on an actuarial valuation performed as of June 30, 2014. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2015. The net pension liability of each plan as of June 30, 2015, is as follows (in thousands):

<b>Public Employees Retirement Association and Education Retirement Board</b>					
<b>Net Pension Liability, By Fund</b>					
<i>(Expressed in Thousands)</i>					
	<b>PERA-Public Employees Retirement System</b>	<b>PERA-Judicial Retirement Fund</b>	<b>PERA-Magistrate Retirement Fund</b>	<b>PERA-Volunteer Fire fighters Retirement Fund</b>	<b>ERB-Educational Employees Retirement System</b>
Total Pension Liability	\$ 18,516,055	\$ 137,038	\$ 63,536	\$ 44,478	\$ 17,974,989
Plan's Fiduciary Net Position	<u>14,255,529</u>	<u>88,988</u>	<u>33,187</u>	<u>62,104</u>	<u>11,497,723</u>
Net Pension Liability	<u>\$ 4,260,526</u>	<u>\$ 48,050</u>	<u>\$ 30,349</u>	<u>\$ (17,626)</u>	<u>\$ 6,477,266</u>
Percentage of Fiduciary Net Position to Total Pension Liability	<u>76.99%</u>	<u>64.94%</u>	<u>52.23%</u>	<u>139.63%</u>	<u>63.97%</u>

The assumptions which follow were adopted by the respective Boards for use in the June 30, 2014 actuarial valuation:

	<b>PERS</b>	<b>JRS</b>	<b>MRS</b>	<b>VFRS</b>	<b>EERS</b>
Valuation date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent	Level Percent, Open	Level Percent, Open	Level Dollar, Open	Level Payment
Amortization period	Solved for based on statutory rates.	30 years	30 years	30 Years	30 years, closed.
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	5 Year Smoothed Market
Actuarial Assumptions:					
Investment Rate of Return	7.75%	7.75%	7.75%	7.75%	7.75%
Payroll Growth	3.50%	3.50%	3.50%	N/A	-
Projected Salary Increases	3.50% - 14.25%	4.25%	3.75%	N/A	4.25%
Includes Inflation At	3.00%	3.00%	-	-	3.00%
Municipal Bond Rate	-	-	3.82%	-	-
Discount Rate	7.75%	7.75%	5.61%	7.75%	7.75%

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

**PERA Asset Allocations** – The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Public Employees Retirement Association All Systems</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Rate of Return</b>
U. S. Equity	21.1 %	5.0 %
International Equity	24.8	5.2
Private Equity	7.0	8.2
Core and Global Fixed Income	26.1	1.9
Fixed Income Plus Sectors	5.0	4.8
Real Estate	5.0	5.3
Real Assets	7.0	5.7
Absolute Return	4.0	4.2
<b>Total</b>	<b>100.0 %</b>	

**ERB Asset Allocations** – ERB’s investment allocation policy was reviewed and amended by the Board of Trustees on June 14, 2014. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

**Rate of Return** – Disclosure of the annual money-weighted return is a requirement of GASB 67. It incorporates both the size and timing of cash flows to determine an internal rate of return, and expresses investment performance adjusted for the changing amounts actually invested. The requirements of the calculation are listed below.

- The rate is computed net of investment expenses, but not net of administrative expenses.
- External cash flows used as inputs should be determined on at least a monthly basis.
- Cash flows should be determined on an accrual basis of accounting.
- Cash-flow weighting should be representative of the Plan’s actual external cash flow timing.

For the years ended June 30, 2015 and 2014, the annual money-weighted rates of return on pension plan investments were 4.06% and 14.71%, respectively.

The target long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

The following schedule shows the current asset allocation policy adopted on June 14, 2014 as well as the prior allocation policy targets.

Asset Class	Target Allocation	
	After 6/14/2014	Prior to 6/14/2014
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap	18%	20%
Small-mid cap	2%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	10%	10%
Total equities	<u>35%</u>	<u>37%</u>
<b>Fixed Income</b>		
Opportunistic credit	20%	20%
Core bonds	6%	7%
Emerging market debt	2%	2%
Total fixed income	<u>28%</u>	<u>29%</u>
<b>Alternatives</b>		
Real estate - REITS	7%	5%
Real assets	8%	7%
Private equity	11%	8%
Absolute return	0%	3%
Global asset allocation	5%	5%
Risk parity	5%	5%
Total alternatives	<u>36%</u>	<u>33%</u>
<b>Cash</b>	<u>1%</u>	<u>1%</u>
Total	<u>100%</u>	<u>100%</u>

#### PERA Sensitivity

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** - Sensitivity of the net pension liability is demonstrated by computation of the liability with a discount rate one percentage point lower and one percentage point higher than the current rate used. The following presents the net pension liability of PERA, Judicial and Volunteer Firefighter's funds, calculated using the discount rate of 7.75 percent, as well as what PERA's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate (in thousands):

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability			
Public Employees RS	\$ 6,534,376	\$ 4,260,526	\$ 2,371,407
Judicial RS	\$ 61,188	\$ 48,050	\$ 36,745
Volunteer Firefighters RS	\$ (12,504)	\$ (17,626)	\$ (21,894)

	1% Decrease (4.61%)	Current Discount Rate (5.61%)	1% Increase (6.61%)
Net Pension Liability			
Magistrate RS	\$ 37,548	\$ 30,349	\$ 24,310

**Discount Rate** – The discount rate used to measure the total pension liability of the Magistrate fund was 5.61 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are not sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, a 5.61% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This rate is a blend of the expected rate of return on assets of 7.75% and the 20-year tax-exempt municipal bond rate 3.82% as of the measurement date.

#### ERB Sensitivity

**Discount Rate** – A single discount rate of 7.75 percent was used to measure the total pension liability as of June 30, 2015 and 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent.

**Education Retirement Board  
Plan Totals - Sensitivity of the Net Pension Liability to  
Changes in the Discount Rate  
(Expressed in Thousands)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability			
Educational Retirement Board	\$ 8,175,595	\$ 6,477,266	\$ 4,596,838

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

#### E. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA)

##### State – Funded Divisions of PERA

For the fiscal year ended June 30, 2015, the State Funded Divisions of PERA were composed of State General, State Police and Legislative.

*Contributions* – As stated earlier in this note, the contribution requirements of the plan members and the State are established in the state statute. Statutorily required contributions from the State to the State funded divisions of the pension plan were \$175,750 for the fiscal year ended June 30, 2015.

##### *Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –*

The State-Funded Divisions of PERA reported net pension liabilities as follows:

<u>Division</u>	<u>Net Pension Liability</u>
State General	\$ 2,036,030
State Police	(230,760)
Legislative	(9,372)
Total	<u>\$ 1,795,898</u>

This liability is reported in the financial statements as follows:

Governmental Activities (including Internal Service Funds)	\$ 1,761,814
Business-type Activities (including Nonmajor enterprise funds and two educational institutions)	<u>34,084</u>
Total	<u>\$ 1,795,898</u>

At June 30, 2014, the measurement date, the State's total proportion was 54.10 percent, which was unchanged from the proportion measured as of June 30, 2013, due to the insignificance of the difference. Pension expense was \$153,964, (\$11,255), and (\$485), respectively.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

#### Single-Employer Funds

The State contributes 100 percent of the contributions to three single-employer funds in the PERA System. They are the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds.

#### *Schedule of Changes in Net Pension Liability – Single Employer Plans*

	Judicial Year Ended June 30, 2015	Magistrate Year Ended June 30, 2015	Volunteer Firefighters Year Ended June 30, 2015
<b>Total Pension Liability</b>			
Service Cost	\$ 3,344	\$ 948	\$ 1,251
Interest	9,900	3,445	3,105
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	755	6,703	874
Changes of Assumptions	-	-	-
Benefit Payments	(9,373)	(3,956)	(1,633)
Refunds of Contributions	(40)	(5)	-
Net Change in Total Pension Liability	4,586	7,135	3,597
Total Pension Liability - Beginning	132,451	56,401	40,881
Total Pension Liability - Ending	137,037	63,536	44,478
<b>Plan Net Position</b>			
Contributions - Employer	4,196	937	750
Contributions - Member	1,579	490	-
Net Investment Income	1,512	579	1,094
Benefit Payments	(9,373)	(3,956)	(1,633)
Administrative Expenses	(60)	(23)	(43)
Refunds of Contributions	(40)	(5)	-
Other	33	(19)	12
Net Change in Plan Net Position	(2,153)	(1,997)	180
Plan Net Position - Beginning	91,142	35,185	61,923
Plan Net Position - Ending	88,989	33,188	62,103
<b>Net Pension Liability - Ending</b>	<b>\$ 48,048</b>	<b>\$ 30,349</b>	<b>\$ (17,625)</b>

**Contributions** – Statutorily required contributions from the State to the PERA Judicial, Magistrate, and Volunteer Firefighter Retirement Funds were \$4,196, \$937, and \$750, respectively, for the year ended June 30, 2015.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

***Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - The State reported liabilities of \$41,310 and \$21,216 for the net pension liabilities of the Judicial and Magistrate Retirement Funds, respectively, which were 100 percent of the proportionate share. The Volunteer Firefighters Retirement Fund reported a plan net position of \$61,923 and a total pension liability of \$40,881 for a positive net position of \$21,042 and is 100 percent of the proportionate share. Therefore, in accordance with accounting guidance, the positive net position is reported as a net pension asset in the financial statements. For the year ended June 30, 2015, the State recognized (\$10,842), (\$10,449), and (\$1,195) as pension expense for the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds, respectively.

At June 30, 2015, these plans reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental		Business-type	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PERA - State-Funded and Single-Employer Funds (Judicial and Magistrates Funds)</b>				
Differences between expected and actual experiences	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	(62,897)	-	(1,901)
Net difference between projected and actual earnings on pension plan investments	-	(435,629)	-	(7,169)
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State contributions subsequent to measurement date	180,883	-	3,170	-
<b>Totals</b>	<b>\$ 180,883</b>	<b>\$ (498,526)</b>	<b>\$ 3,170</b>	<b>\$ (9,070)</b>

The amounts of \$180,883 for governmental activities and \$3,170 for business-type activities, reported as deferred outflows of resources related to pensions resulting from the State's contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the respective net pension liability in the following year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental			Business-type		
Year ended June 30:			Year ended June 30:		
2016	\$	(124,631)	2016	\$	(2,268)
2017	\$	(124,631)	2017	\$	(2,268)
2018	\$	(124,631)	2018	\$	(2,268)
2019	\$	(124,633)	2019	\$	(2,268)
2020	\$	-	2020	\$	-
Thereafter	\$	-	Thereafter	\$	-

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

The deferred outflows and inflows of resources are presented separately for the Volunteer Firefighter’s Fund because this fund reports a positive net position.

Volunteer Firefighter's Fund	Governmental		Year ended June 30		
	Deferred Outflows of Resources	Deferred Inflows of Resources			
Differences between expected and actual experiences	\$ -	\$ -	2016	\$	(888)
			2017	\$	(888)
Changes of assumptions	289	-	2018	\$	(888)
			2019	\$	(886)
Net difference between projected and actual earnings on pension plan investments	-	(3,839)	2020	\$	-
			Thereafter	\$	-
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-			
State contributions subsequent to measurement date	750	-			
Totals	<u>\$ 1,039</u>	<u>\$ (3,839)</u>			

#### F. Employer Reporting – Educational Retirement Board (ERB)

**Contributions** – As stated earlier in this note, the contribution requirements of ERB plan members and the State are established in state statute. Statutorily required contributions for the fiscal year ended June 30, 2015, from the State to the ERB were \$1,275 for governmental activities and \$115,530 from the ten educational institutions reported as business-type activities.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014. At June 30, 2015, the State reported a liability of \$19,127 for its proportionate share of the net pension liability covering state employees in governmental activities, and \$1,665,276 for the collective proportionate share of the ten educational institutions reported as business-type activities. The State’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the proportion was 0.3352 percent for governmental activities and 29.18 percent for business-type activities. At June 30, 2013, the proportion was 0.4295 percent for governmental activities and 28.88 percent for business-type activities.

For the year ended June 30, 2015, the State recognized pension expense of \$1,475 in governmental activities and \$117,828 in business-type activities. At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

ERB Fund	Governmental		Business-type	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ (284)	\$ -	\$ (9,774)
Changes of assumptions	-	-	1,361	(54,251)
Net difference between projected and actual earnings on pension plan investments	-	(1,739)	-	(112,163)
Changes in proportion and differences between State contributions and proportionate share of contributions	-	(4,392)	22,149	(9,056)
State contributions subsequent to measurement date	1,275	-	115,530	-
Totals	1,275	(6,415)	139,040	(185,244)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental		Business-type	
Year ended June 30		Year ended June 30	
2016	\$ (1,553)	2016	\$ (35,209)
2017	\$ (1,553)	2017	\$ (35,209)
2018	\$ (1,553)	2018	\$ (35,209)
2019	\$ (1,408)	2019	\$ (33,676)
2020	\$ (348)	2020	\$ (22,433)
Thereafter	\$ -	Thereafter	\$ -

#### Component Unit – State Charter Schools

The sixty State-chartered schools, presented as a single component unit, are participants in The Educational Retirement Board (ERB) retirement plan.

**Contributions** – Total statutorily required contributions for the fiscal year ended June 30, 2015, from the State-chartered schools to the ERB were \$7,913.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the schools reported a liability of \$109,022 for its proportionate share of the net pension liability. The schools proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the proportion was 1.91 percent and at June 30, 2013 it was 1.69 percent.

For the year ended June 30, 2015, the schools recognized pension expense of \$11,666. At June 30, 2015, the schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Component Units		Year ended June 30	
	Deferred Outflows of Resources	Deferred Inflows of Resources		
<b>ERB Fund - Component Units (State-Chartered Schools)</b>				
Differences between expected and actual experiences	\$ -	\$ (1,624)	2016	\$ (577)
			2017	\$ (576)
Changes of assumptions		-	2018	\$ (210)
			2019	\$ 2,477
Net difference between projected and actual earnings on pension plan investments	-	(9,910)	2020	\$ -
			Thereafter	\$ -
Changes in proportion and differences between State contributions and proportionate share of contributions	11,603	(1,183)		
State contributions subsequent to measurement date	7,913	-		
Totals	<u>\$ 19,516</u>	<u>\$ (12,717)</u>		

### Net Pension Liabilities and Related Deferred Inflows/Outflows of Resources Reconciliation to Financial Statements

	Net Pension Asset	Net Pension Liability	Governmental Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities</u>					
PERA - State Divisions	\$ -	\$ 1,761,814	PERA - State Divisions, Judicial & Magistrate	\$ 180,883	\$ 498,526
PERA - Judicial	-	41,310	PERA - Volunteer Firefighters	1,039	3,839
PERA - Magistrate	-	21,216	ERB	1,275	6,415
PERA - Volunteer Firefighters	21,042	-	Rounding	1	-
ERB	-	19,127	Total Governmental Activities	<u>183,198</u>	<u>508,780</u>
Total Governmental Activities	<u>21,042</u>	<u>1,843,467</u>			
<u>Business-type Activities</u>			<u>Business-type Activities</u>		
PERA - State Divisions	-	34,084	PERA - State Divisions	3,170	9,070
ERB	-	1,665,276	ERB	139,040	185,244
Total Business-type Activities	<u>-</u>	<u>1,699,360</u>	Rounding	2	-
			Total Business-type Activities	<u>142,212</u>	<u>194,314</u>
Component Units	-	109,022	Component Units	19,516	12,717

### G. Discount Rates and Sensitivity Analysis

#### Discount Rate –

PERA - The discount rate used to measure the total pension liability was 7.75 percent for all PERA plans, except the Magistrate, which used 5.61 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefits payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.75 and 5.61

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

percentages assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ERB** - A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

**Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the State's net pension liability as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

**Public Employees Retirement Association  
Employer Reporting  
Sensitivity of the Net Pension Liability to  
Changes in the Discount Rate  
(Expressed in Thousands)**

Net Pension Liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
State-Funded Divisions	<u>\$ 2,822,576</u>	<u>\$ 1,795,898</u>	<u>\$ 1,002,293</u>
<b>Single-Employer Funds:</b>			
Judicial	<u>\$ 54,080</u>	<u>\$ 41,310</u>	<u>\$ 30,327</u>
Volunteer Firefighters	<u>\$ (16,289)</u>	<u>\$ (21,042)</u>	<u>\$ (25,000)</u>
Net Pension Liability	1% Decrease (4.61%)	Current Discount Rate (5.61%)	1% Increase (6.61%)
Magistrate	<u>\$ 27,211</u>	<u>\$ 21,216</u>	<u>\$ 16,139</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

**Educational Retirement Board**  
**State of New Mexico Employees**  
**Sensitivity of the Net Pension Liability to**  
**Changes in the Discount Rate**  
*(Expressed in Thousands)*

Net Pension Liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
State Employees (Governmental Activities)	\$ <u>26,024</u>	\$ <u>19,127</u>	\$ <u>13,365</u>
Educational Institution Employees (Business-type Activities)	\$ <u>2,265,800</u>	\$ <u>1,665,276</u>	\$ <u>1,163,675</u>
Charter Schools (Component Units)	\$ <u>148,336</u>	\$ <u>109,022</u>	\$ <u>76,183</u>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13

#### **NOTE 13. Post - Employment Benefits Other Than Pensions**

In addition to pension benefits as described in Note 11, the State provides other post-employment benefits (OPEB).

##### **A. Plan Description**

The New Mexico Retiree Health Care Authority (RHCA) was formed February 13, 1990 under the New Mexico Retiree Health Care Act (Act), Chapters 10-7C-1 to 10-7C-19, NMSA 1978, to administer the retiree health care fund which was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico. The Retiree Health Care Act (Chapters 10-7C-1 to 10-7C-19, NMSA 1978) established a cost-sharing multi-employer defined benefit postemployment health care plan (Plan) that provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Act created a governing board composed of 11 members (a twelfth member was added through an amendment). RHCA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

The legislation establishing RHCA specifically did not intend to create formal trust relationships among the participating employees, retirees, employers and RHCA administering the Act. However, the substantive plan created by the Act contains all requisite elements to be considered as the equivalent of a trust arrangement. These elements include irrevocable contributions to the Plan, plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan, and plan assets are legally protected from creditors of employers or the Plan administrator. Additionally, there is no provision for a participating government entity to withdraw membership and all risks and costs including benefit costs are shared and are not attributed individually to employers, and a single contribution rate applies to employers. RHCA received a legal opinion that the manner of legal organization of RHCA is substantially equivalent to a trust. As such, RHCA was required to apply GASB Statement No. 43 (GASB 43), *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, as a multi-employer cost-sharing plan. The Net Position of the RHCA is reported as restricted per GASB Statement No. 46 and Chapter 10-7-C-14, NMSA 1978.

##### **B. Funding and Benefit Policies**

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority, and state agencies, state courts, magistrate courts, municipalities, or counties, which are affiliated under or covered by the Educational Retirement Act, or the Magistrate Retirement Act, or the Public Employees Retirement Act.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

**Plan Membership as of June 30, 2014 (Not in Thousands):**

Current Retirees and Surviving Spouses	36,021
Inactive and Eligible for Deferred Benefit	11,710
Current Active Members	<u>96,069</u>
<b>Total</b>	<b><u>143,800</u></b>

**Active Membership:**

State General	19,046
State Police and Corrections	1,784
Municipal General	19,810
Municipal Police	3,492
Municipal FTRE	1,959
ERB	<u>49,978</u>
<b>Total</b>	<b><u>96,069</u></b>

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

The New Mexico Retiree Health Care Act (Chapter 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars (not in thousands) if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.0 percent of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

*Contributions* - The New Mexico Retiree Health Care Act (Chapter 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The contributions are set by legislation and are not based on an actuarial calculation. The Legislature periodically reviews the contribution rates pursuant to Chapter 10-7C-15, NMSA 1978.

For the fiscal year ended June 30, 2015, for regular state employees, the statute required each participating employer to contribute 2.0 percent of each participating employee's annual salary; each participating employee was required to contribute 1.0 percent of their salary.

For employees who were members of an enhanced retirement plan (state police, adult correctional officers, fire fighters and judges) during the fiscal year ended June 30, 2015, the statute required each participating employer to



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

contribute 2.5 percent of each participating employee’s annual salary, and each participating employee was required to contribute 1.25 percent of their salary.

Current retirees are required to make monthly contributions for individual basic medical coverage. Retiree premium contribution increases are no longer limited by the Act, which the RHCA’s health care trend will be the basis for any rate increases for the New Mexico basic plan of benefits. The Board may designate other plans as “optional coverages.” Optional and/or voluntary coverages are not subject to the 9.0 percent cap, which expired in fiscal year 2008 per Chapter 10-7C-13, NMSA 1978.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer’s operations or participation in the Plan. The employer, employee and retiree contributions are required to be remitted to RHCA on a monthly basis.

The required and actual contributions of employers in accordance with the funding policy and the percentage of current-year covered payroll for the three preceding fiscal years are as follows:

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contributions - Employers	Percentage Contributed
2015	\$ 292,657	N/A	-
2014	\$ 367,804	\$ 149,277	40.6 %
2013	353,658	135,388	38.3 %
2012	340,075	142,054	41.8 %
2011	326,995	120,873	37.0 %
2010	298,000	114,847	38.5 %
2009	286,538	96,817	33.8 %
2008	275,518	94,060	34.1 %

The above schedule presents trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years using an open-ended amortization.

There are requirements for frequency and timing of actuarial valuations, as well as actuarial methods and assumptions that are acceptable for financial reporting. The Authority obtains actuarial valuations at least biannually and a single actuarial valuation covers all plan members.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### C. Funded Status

The funded status as of June 30, 2015, the most recent valuation date, was as follows (dollar amount in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ 377,087	\$ 3,740,368	\$ 3,363,280	10.08 %	\$ 3,941,588	85 %
June 30, 2012	227,488	3,915,114	3,687,626	5.81 %	3,877,827	95 %
June 30, 2010	176,923	3,523,665	3,346,742	5.02 %	4,001,802	84 %
June 30, 2008	170,626	3,116,916	2,946,290	5.47 %	4,020,509	73 %
June 30, 2006	154,539	4,264,181	4,109,643	3.62 %	4,073,732	101 %

The actuarial methods and assumptions for the Plan at June 30, 2015, were as follows:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	30 Year Open-Ended Amortization, with the initial payment determined as if future payments would theoretically increase each year on a level percent of pay basis.
Amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	5.00%
Projected payroll increases	3.50%
Health care cost trend rate:	
Prescription Drug & Medical (Under Age 65, Age 65, and Over)	8.0% from July 1, 2009 to July 1, 2018, decreasing by 0.5% for each year until it reaches an unlimited rate of 5.0%

Note: Schedule of funding progress is based on healthcare laws and regulations existing at June 30, 2014.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 14

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#### **NOTE 14. Deferred Compensation Plan**

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan (Deferred Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The Deferred Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

PERA is the trustee of the Deferred Plan; however, the Deferred Plan uses a third party administrator, acting under contract with PERA. All costs of administration and funding are borne by the Deferred Plan participants. The Administrator has authority to control and manage the operation of the Deferred Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Deferred Plan, and has certain discretionary authority to decide all matters under the Deferred Plan. As Deferred Plan trustee, PERA’s primary responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Deferred Plan-Trust are held for the exclusive benefit of Deferred Plan participants and their beneficiaries, as defined in the Deferred Plan. The assets of the Deferred Plan are not assets of the State, but are held in trust for the exclusive benefit of Deferred Plan participants and their beneficiaries. The State has no liability for losses under the Deferred Plan but does have the duty of due care that would be required of a fiduciary agent.

The Deferred Plan issues a publically available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza La Prensa, Santa Fe, NM 87507.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 15

#### NOTE 15. Arbitrage on Tax-Exempt Bonds

Arbitrage is the excess interest earned by a state or local government on proceeds from the sale of its bonds over interest paid to bondholders. The Tax Reform Act of 1986 TRA required rebate of such arbitrage to the U.S. Treasury Department on governmental bonds issued after August 31, 1986, and on private activity bonds issued after December 31, 1984, when the proceeds were held for six months or longer. These rebates must be calculated annually and paid at the end of every fifth year until the bonds are retired.

The Revenue Reconciliation Act of 1989 amended the six-month rule. For bonds issued after December 19, 1989, the rebate requirement does not apply if, both, all of the gross proceeds of the issue, other than the reserve fund, are spent within the six-month period following the date of issue, and the rebate requirement is satisfied for the reserve fund after the six-month period. The term gross proceeds for purposes of the rule includes both the sale proceeds received from the bonds purchaser on the issue date and investment earnings on such proceeds during the six month period. Gross proceeds deposited in a reserve fund or bona fide debt service fund, however, are not subject to the expenditure requirement.

The following is a schedule of bond issues, along with the year-ends and arbitrage rebate due dates. The State Treasurer has completed the first arbitrage computation for the bonds as indicated:

	<b>First Computation Date</b>	<b>First Payment Due to IRS</b>	<b>Computation of Arbitrage Completed</b>	<b>Next Payment Due to IRS</b>
General Obligation Bonds Series 2007	3/1/2012	4/30/2012	X	3/1/2017
General Obligation Bonds Series 2009	5/28/2014	7/28/2014	X	3/1/2019
General Obligation Bonds Series 2011	5/26/2016	7/25/2016	X	3/1/2021
General Obligation Bonds Series 2013	4/23/2018	6/22/2018	X	3/1/2023
General Obligation Bonds Series 2015	3/25/2020	5/26/2020		3/1/2025
Severance Tax Bonds Series 2009A	7/30/2014	9/29/2014	X	7/1/2019
Severance Tax Bonds Series 2010A	3/24/2015	5/26/2015	X	3/24/2020
Supplemental Severance Tax Bonds Series 2010B	3/24/2015	5/26/2015	X	3/24/2020
Severance Tax Bonds Refunding Series 2010D	12/8/2015	2/8/2016	X	7/1/2017
Severance Tax Bonds Series 2011A-1	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Refunding Servies 2011A-2	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Series 2012A	6/21/2017	8/21/2017	X	6/21/2022
Severance Tax Bonds Series 2013A	7/23/2018	9/24/2018	X	7/1/2023
Severance Tax Bonds Series 2014A	6/29/2019	8/23/2019	X	6/24/2024

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16

#### NOTE 16. Segment Information

The following is condensed financial information for the segments within the proprietary funds which have revenue bonds (in thousands):

	* Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Net Position:</b>									
Current Assets	\$ 3,606	\$ 8,240	\$ 95,345	\$ 71,689	\$ 13,802	\$ 79,810	\$ 21,449	\$ 20,005	\$ 942,299
Other Assets	0	3,942	230,747	28,498	12,923	84,116	504,512	6,636	525,615
Capital Assets, Net	44,551	27,805	506,109	155,524	84,969	159,578	71,981	49,270	1,152,857
<b>Total Assets</b>	<b>48,157</b>	<b>39,987</b>	<b>832,201</b>	<b>255,711</b>	<b>111,694</b>	<b>323,504</b>	<b>597,942</b>	<b>75,910</b>	<b>2,620,771</b>
Deferred Outflows of Resources	267	1,363	32,881	6,259	3,235	4,922	2,732	4,593	93,656
Current Liabilities	4,286	3,510	73,134	19,492	10,708	15,895	4,658	5,917	329,885
Long-term Liabilities	2,679	26,653	605,886	121,144	74,052	101,424	36,708	56,511	1,508,027
<b>Total Liabilities</b>	<b>6,965</b>	<b>30,162</b>	<b>679,020</b>	<b>140,636</b>	<b>84,760</b>	<b>117,318</b>	<b>41,366</b>	<b>62,428</b>	<b>1,837,912</b>
Deferred Inflows of Resources	740	3,782	45,877	9,014	4,891	14,000	2,807	3,806	100,824
Net Investment in Capital Assets	44,551	9,676	386,895	110,940	56,222	147,348	48,431	28,078	652,756
Restricted	0	3,876	120,518	25,774	14,092	83,933	502,144	14,811	392,840
Unrestricted	(3,832)	(6,146)	(367,228)	(24,394)	(45,037)	(34,173)	5,926	(28,620)	(269,905)
<b>Total Net Position</b>	<b>\$ 40,719</b>	<b>\$ 7,405</b>	<b>\$ 140,185</b>	<b>\$ 112,320</b>	<b>\$ 25,278</b>	<b>\$ 197,108</b>	<b>\$ 556,501</b>	<b>\$ 14,269</b>	<b>\$ 775,691</b>
<b>Condensed Statement of Activities:</b>									
Operating Revenues:									
Charges for Services	\$ 11,556	\$ 17,450	\$ 21,755	\$ 7,808	\$ 3,965	\$ 4,966	\$ 7,966	\$ 2,979	\$ 237,602
Net Student Tuition and Fees	0	0	72,404	18,430	12,243	10,669	2,939	9,994	134,670
Loan and Other Income	0	3,235	0	0	0	0	0	0	0
State, Local, Private Grants/Contracts	0	0	0	0	0	0	0	0	0
Patient Income	0	0	0	0	0	0	0	0	901,440
Federal Funds	0	0	106,972	10,248	9,005	42,155	925	1,527	203,794
Other Operating Revenues	969	1,327	38,816	11,501	7,267	26,093	4,578	4,108	118,947
<b>Total Operating Revenue</b>	<b>12,525</b>	<b>22,013</b>	<b>239,948</b>	<b>47,987</b>	<b>32,480</b>	<b>83,883</b>	<b>16,407</b>	<b>18,608</b>	<b>1,596,454</b>

\* FY15 information not available. FY14 provided.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

	*		Educational Institutions						
	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico	
<b>Condensed Statement of Activities</b>									
<b>(Continued)</b>									
Operating Expenses:									
Operating Expenses	\$ (54)	\$ (278)	\$ 408,718	\$ 75,077	\$ 41,975	\$ 52,549	\$ 23,434	\$ 32,605	\$ 952,508
Depreciation Expense	2,694	1,960	34,126	7,431	4,189	9,704	2,874	3,380	94,794
General and Administrative	12,769	22,952	117,068	22,415	17,216	74,589	9,218	8,533	961,336
<b>Total Operating Expenses</b>	<b>15,409</b>	<b>24,634</b>	<b>559,912</b>	<b>104,923</b>	<b>63,379</b>	<b>136,842</b>	<b>35,526</b>	<b>44,519</b>	<b>2,008,638</b>
Operating Income (Loss)	(2,884)	(2,621)	(319,964)	(56,936)	(30,899)	(52,959)	(19,119)	(25,910)	(412,184)
Nonoperating Revenue (Expense)									
Clinical Operations	0	0	0	0	0	0	0	0	116,027
Government Grants and Contracts	0	0	75,058	11,374	0	0	0	5,961	93,347
Net Investment Income	1	18	1,056	(217)	539	320	7,147	164	11,318
Other Revenue	0	217	(2,087)	3,431	0	9,283	265	0	937
Interest Expense	(8)	(334)	(5,420)	(1,345)	(2,206)	0	(288)	0	(21,622)
Private Grants And Gifts	0	0	10,657	0	0	1,333	0	0	26,918
State Permanent Fund Income	0	0	0	0	253	3,055	19,438	251	0
Gain (Loss) On Sale Of Capital Assets	0	0	(1,009)	0	0	0	0	0	(235)
<b>Total Nonoperating Income (Expense)</b>	<b>(7)</b>	<b>(99)</b>	<b>78,255</b>	<b>13,243</b>	<b>(1,414)</b>	<b>13,991</b>	<b>26,562</b>	<b>6,376</b>	<b>226,691</b>
Capital Contributions	0	0	7,611	690	0	1,690	1,282	0	374
Permanent Fund Contributions	0	0	19,109	5,452	1,067	12,770	0	3,741	23,694
Net Transfers	1,410	452	206,794	46,704	31,565	38,658	0	20,438	308,196
Change in Net Position	(1,481)	(2,268)	(8,195)	9,153	318	14,150	8,725	4,645	146,771
Net Position, Beginning, restated	42,200	9,673	148,379	103,167	24,960	182,959	547,776	9,625	628,920
<b>Net Position, Ending</b>	<b>\$ 40,719</b>	<b>\$ 7,405</b>	<b>\$ 140,185</b>	<b>\$ 112,320</b>	<b>\$ 25,278</b>	<b>\$ 197,108</b>	<b>\$ 556,501</b>	<b>\$ 14,269</b>	<b>\$ 775,691</b>

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

	* Miners' Colfax Medical Center	Educational Institutions New Mexico							
		New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico	
<b>Condensed Statement of Cash Flows:</b>									
Net Cash Provided (Used) by:									
Operating Activities	\$ 209	\$ (1,383)	\$ (274,734)	\$ (48,455)	\$ (26,985)	\$ (25,247)	\$ (17,489)	\$ (22,251)	\$ (323,305)
Noncapital Financing Activities	962	217	289,081	61,520	31,817	49,274	(87)	26,650	508,885
Capital and Related Financing Activities	(1,202)	(1,638)	(33,582)	5,426	(3,925)	(7,090)	(12,894)	(3,545)	(118,617)
Investing Activities	1	(1,838)	19,389	(229)	391	(2,097)	19,343	(350)	(1,898)
Cash and Cash Equivalents at Beginning of Year, as Restated	2,767	10,328	73,859	36,385	7,806	30,538	27,047	5,200	186,128
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,736</b>	<b>\$ 5,686</b>	<b>\$ 74,013</b>	<b>\$ 54,647</b>	<b>\$ 9,105</b>	<b>\$ 45,378</b>	<b>\$ 15,920</b>	<b>\$ 5,704</b>	<b>\$ 251,192</b>

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 17

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#### **NOTE 17. Reduction of Allowance for Potential Loss - State General Fund Investment Pool**

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

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

- 1) The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
- 2) Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve Fund. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

Due to the improvements in the cash reconciliation process, the State is reducing to zero the Allowance for Potential Loss previously reported at \$100 million.



# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 18

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#### **NOTE 18. Commitments and Contingencies**

##### **A. Federal Funds**

The State received funding from federal sources for specific purposes. The funds are subject to audit, which may result in expenses that are disallowed, or other noncompliance findings under the terms of the funding source's guidelines. The State believes that such disallowances or other noncompliance findings, if any, would not be material to the State's financial position.

##### *Environment Department*

In January of 2012, the Office of the Inspector General (OIG) of the Environmental Protection Agency performed an audit of the New Mexico Environment Department's (Department) Labor Charging Practices to federal programs and determined that the Air Quality Bureau (AQB) and Drinking Water Bureau (DWB) of the Department did not always charge labor and related costs according to two Code of Federal Regulation (CFR) requirements. These bureaus charged labor, fringe benefit and indirect costs to federal grants based on budget, rather than actual activities performed. The OIG issued a draft report in June 2013, with an estimated amount of \$3.8 million in unsupported charges identified. The Department had until May 31, 2014 to submit additional documentation in support of the costs which were charged. The amount of the original determination may be reduced, but by how much is not known at this time. Therefore, the amount of \$3.8 million is reported as a liability.

##### *Human Services Department*

As of June 30, 2014, the Department was aware of three related federal audits issued by U. S. Dept. of Health and Human Services, Office of Inspector General (DHHS OIG) covering personal care services (PCO) in which the likelihood of an unfavorable outcome is probable. As of December 14, 2014, any amount due and owing to the federal government related to two (2) of these audits is undetermined. In the third appeal, DHHS has disallowed federal financial participation totaling \$19,771,608. At the request of the Department, however, the DHHS Appeals Board has agreed to hold the Department's appeal of that matter in abeyance pending the outcome of a similar appeal by the Georgia Department of Community Health in the Washington D.C. District Court.

##### **B. Litigation**

The State has been named as defendant in several lawsuits or complaints. Neither the final outcome nor the amount of potential loss from these cases is presently determinable. However, management estimates that the potential loss to the State, if any, is not likely to be material to the State's financial statements. See below for additional information.

##### *Office of the State Engineer*

A state district judge ruled that the Interstate Stream Commission violated the Open Meetings Act when approving two contracts involving a diversion project in southern part of the state. As a result of the ruling, the Office of the State Engineer became exposed to a liability of \$268,000 as the plaintiff is seeking reimbursement of legal costs.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 18 (CONTINUED)

Because the liability has a high probability of being awarded and is estimable, an expense, classified as a ‘special item’, was recorded for the fiscal year ended June 30, 2015.

#### *Children, Youth, and Families Department*

A judgment in a legal matter was rendered against the Children, Youth, and Families Department in the amount of \$3.6 million. The Department is currently appealing the judgment. This amount would not be covered by Risk Management Division. A liability has been recorded.

#### *New Mexico Corrections Department*

The potential risk of loss to the New Mexico Corrections Department in pending legal cases is estimated to be \$329,000 and is deemed to be "slight to moderate."

#### *New Mexico Mortgage Finance Authority*

The New Mexico Mortgage Finance Authority (NMMFA) entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the NMMFA provide credit enhancements for third party multifamily housing project loans. HUD has assumed 90% of the risk and the NMMFA guarantees the remaining 10% risk of loss in the event of default on specific loans. As of September 30, 2015, the NMMFA’s assumed risk approximated \$2.1 million for these loans.

#### *Education Trust Board*

Since 2009, a number of class action, derivative, and individual lawsuits have been pending in federal and state courts against Oppenheimer Funds, Inc. (OFI), Oppenheimer Funds Distributor, Inc. (OFDI), and certain mutual funds (Defendant Funds) advised by OFI and distributed by the OFDI. Several of these lawsuits also name as defendants certain officers, trustees and former trustees of the respective Defendant Funds. The lawsuits raise claims under federal and state securities laws and state common law and allege, among other things, that disclosure documents of the respective Defendant Funds contained misrepresentations and omissions and that the respective Defendant Fund’s investment policies were not followed. The plaintiffs in these actions seek unspecified damages, equitable relief and an award of attorneys’ fees and litigation expenses.

The State and the Plan management believe that these suits should not impair the ability of OFI or OFDI to perform their respective duties to the plans of the fiduciary funds, and that the outcome of all of the suits together should not have any material effect on the operations of any of the Oppenheimer mutual funds.

#### *New Mexico State University*

The University has received a letter from the United States Department of Education requesting payment for self-reported findings of misstatement of eligibility participants in the Student Support Services Program. The University believes an overcharge payment of \$476,932 is possible and is awaiting final determination.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 18 (CONTINUED)

In December 2014, the University received a determination in the amount of \$946,995 from the United States Department of Education for misstatement of eligibility for non-degree programs. The University appealed \$248,000 of the amount and has paid the remainder in full. The University is awaiting a decision on the appealed amount.

New Mexico Department of Transportation (DOT) issued a report on an ongoing audit on January 13, 2009. The report was issued to the University in July 2009, with a letter assessing an amount due to the agency. The total amount of the audit assessment as of July 2010, was \$1,229,825; the University agreed with \$54,944. Until the conclusion of the University's negotiations with the DOT, the University is unable to reasonably estimate a liability amount.

A lawsuit filed in May 2013 asserts claims arising out of the loss of nursing accreditation at the Doña Ana Community College (DACC) on behalf of eight former DACC nursing students. Plaintiffs were students in the DACC nursing program at the point in time continued accreditation of the nursing program was denied by the National League of Nursing Accrediting Commission. The plaintiffs allege claims based upon breach of contract but also request emotional distress damages suggesting a tort type claim. The court recently certified this case as a class action, to include 86 students enrolled in the DACC nursing program at the time of the denial who did not elect to complete their degree. Risk Management has agreed to provide the cost of defense and is expected to provide coverage for any non-contract damages. An adverse outcome is reasonably possible but an estimate of the loss or range of potential loss cannot be determined at this point of litigation.

A class action complaint for damages for Family Medical Leave Act (FMLA) violations was filed against the University in May 2014. The parties have been engaged in court ordered mediation and have reached a settlement agreement with documentation of the detailed terms and court approval of the settlement still in progress. Under its terms, in addition to various changes in policies and other compliance requirements, various amounts will be paid totaling \$735,731. Of this amount, the University expects to pay \$367,866.

#### *New Mexico Highlands University*

In February 2012, the University terminated its contract with Makwa Builders LLC and several subcontractors for construction of the Student Union Building. Negotiations between parties is ongoing and as of June 30, 2015, a settlement agreement had not yet been reached. No amounts have been recorded in the June 30, 2015, financial statements for this potential contingency.

#### *Second Judicial District Attorney*

During fiscal year 2013, the Second Judicial District Attorney's Office entered into phone services with a private vendor and discontinued using phone services provided by the Department of Information Technology (DoIT). However, the District Attorney was still charged for phone services from DoIT after services with the private vendor had begun. The District Attorney has been disputing these fees and there has been no resolution as of June 30, 2015. A liability in the amount of \$93,709 has been recorded as a contingent liability on the government-wide financial statements to account for the amount claimed by DoIT.

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 19

#### NOTE 19. Subsequent Events

##### A. Bond Issues

The State issued Series 2015A Severance Tax Bonds in the principal amount of \$129,195 and Series 2015B Supplemental Severance Tax Bonds in the principal amount of \$69,745 on August 12, 2015. The bonds were issued to provide funds for capital improvements for schools and for general purposes. Both bonds carry a coupon rate of 5.0 percent. Both Series 2015A and 2015B Bonds have a final maturity date of July 1, 2025.

In November 2015, the State Board of Finance approved Severance Tax Note 2015S-C for a maximum principal amount of \$15 million to fund various capital improvement projects throughout the state as approved by the voters.

In December 2015, the New Mexico Mortgage Finance Authority issued Single Family Mortgage Program 2015 Series E Bonds in the amount of \$21,230 million. On April 27, 2016 the NMMFA issued \$62,790 million of Single Family Mortgage Program 2016 Series A Bonds.

The University of New Mexico (UNM) issued \$168.5 million in a refunding and new money Series 2016A&B. The Board of Regents approved the Sale Resolution on February 11, 2016. UNM successfully completed an Advanced Refunding for Series 2007 A & B bond issues, which are combined to form Series 2016 A & B bonds. The 2016A tax-exempt bonds totaling \$160.3 million include refunding of the 2007A bonds and new money components as referenced above. The 2016B taxable bonds totaling \$8.2 million refund the taxable portion of the 2007B bonds.

##### B. Other Events

###### *Back-Pay Decision – Union Employees*

The New Mexico Supreme Court affirmed an earlier decision by an arbitrator that positions covered under collective bargaining agreements should have received a pay increase in fiscal year 2014. The distribution of the back-pay recoveries began in fiscal year 2014; however, the processing of these claims has taken more time than was originally planned. An estimated total of \$29.9 million was accrued in the financial statements for the year ended June 30, 2014. The amount of \$19.1 million has been paid through June 2015, leaving a balance of approximately \$10.7 million still to be paid. The total amount accrued is an estimate based on the best available information available at the time. As the processing of claims continues, the total amount actually paid may vary from this estimate.

###### *Developmental Disabilities Planning Council*

The Developmental Disabilities Planning Council currently has an on-going investigation of fraud/embezzlement. The Agency is working with the Office of the State Auditor on the financial investigation.

# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 19 (CONTINUED)

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#### *New Mexico Mortgage Finance Authority*

Based on information available as of September 30, 2014, management of the New Mexico Mortgage Finance Authority (NMMFA) has determined that it is probable that the Authority has incurred a contingent liability for the balance of two loans which the Board of Directors had previously approved for write-off. The balance of \$438,000 may be payable to the U.S. Department of Housing and Urban Development (HUD) for noncompliance with the affordability requirement.

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STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

# FINANCIAL SECTION

## REQUIRED SUPPLEMENTARY INFORMATION



DOWNTOWN PLAZA, SANTA FE, NEW MEXICO  
SOURCE - INGOODTASTEDENVER.COM



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended June 30, 2015 (In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 405,095	\$ 405,445	\$ 435,739	\$ 30,294
Federal Revenue	5,511,845	6,097,116	5,970,419	(126,697)
Investment Income	73,348	73,348	25,738	(47,610)
Rentals and Royalties	30,344	30,439	25,552	(4,887)
Charges for Services	117,314	122,079	121,369	(711)
Licenses, Fees, and Permits	194,990	196,814	215,251	18,437
Assessments	12,364	12,364	25,074	12,710
Miscellaneous and Other	149,339	179,547	145,179	(34,367)
Operating Transfers In	5,622,447	5,625,611	5,901,430	275,819
<b>Total Revenues and Other Financing Sources</b>	<b>12,117,086</b>	<b>12,742,763</b>	<b>12,865,751</b>	<b>122,987</b>
Fund Balance Budgeted	532,218	601,338		
Total	12,649,304	13,344,101		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
Museums and Monuments	24,227	25,279	24,488	792
Preservation	6,230	6,530	4,076	2,454
Library Services	5,716	5,756	5,471	285
Program Support	4,094	3,977	3,965	12
Water Resource Allocation	14,621	14,804	14,246	558
Interstate Stream Compact Compliance and Water Development	13,048	14,054	10,386	3,668
Litigation and Adjudication	7,844	7,844	6,284	1,560
Program Support	4,281	4,281	4,085	196
Commissioner of Public Lands	14,778	15,124	14,507	617
Livestock inspection	5,939	6,192	5,243	949
Youth Conservation Corps	4,754	4,799	4,265	534
Office of the Natural Resources Trustee	2,303	7,703	4,683	3,020
Sport Hunting and Fishing	8,278	8,278	8,056	222
Conservation Services	21,756	22,864	19,490	3,375
Wildlife Depredation and Nuisance Abatement	1,049	1,049	742	307
Program Support	7,988	7,988	7,012	976
Renewable Energy and Energy Efficiency	2,969	3,034	1,895	1,139
Healthy Forests	12,648	16,159	13,779	2,380
Parks and Recreation	19,669	20,466	18,117	2,349
Mine Reclamation	8,175	8,383	6,216	2,167
Oil and Gas Conservation	10,060	10,536	7,996	2,540
Program Leadership and Support	5,105	5,105	4,921	184
Arts	2,006	2,138	1,914	224
Intertribal Ceremonial	105	105	104	1
Special Appropriations	19,385	23,528	15,053	8,475
<b>Total Culture, Recreation, and Natural Resources</b>	<b>227,027</b>	<b>245,976</b>	<b>206,993</b>	<b>38,983</b>
<b>Education</b>				
Operations	23,208	23,336	20,356	2,980
Student Financial Aid	76,041	76,871	65,783	11,089
Rehab Services	28,566	28,566	24,153	4,412
Independent Living	1,540	1,555	1,493	62
Disability Determination	16,945	16,945	10,708	6,237
SDE Operation	15,813	16,115	15,468	648
Education Trust	-	2,950	2,038	912
Public Schools Facilities Auth	5,805	5,913	5,362	551
Special Appropriations	2,735,787	2,746,593	2,717,313	29,280
<b>Total Education</b>	<b>2,903,705</b>	<b>2,918,844</b>	<b>2,862,674</b>	<b>56,170</b>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>General Control</b>				
Policy Development, Budget Oversight and Educational Accountability	\$ 3,440	\$ 3,440	\$ 3,089	\$ 351
Program Support	1,311	1,311	1,081	230
Community Development, Local Government Assistance and Fiscal Oversight	1,935	1,935	1,736	198
Fiscal Management and Oversight	6,069	6,069	5,958	112
Program Support	22,408	21,908	21,261	647
Tax Administration	31,464	32,017	31,007	1,010
Motor Vehicle	27,774	29,856	27,866	1,990
Property Tax	3,379	3,548	3,148	400
Compliance Enforcement	2,294	2,294	1,937	357
State Purchasing	2,359	2,509	2,358	150
Facilities Management Division	12,445	12,445	12,389	56
Office of the Attorney General	24,272	25,449	24,559	889
Medicaid Fraud Program	2,118	2,118	2,005	113
State Auditor	3,808	3,808	3,479	329
State Investment Program	50,169	50,169	43,982	6,187
Criminal & Juvenile Justice	608	608	607	1
Governor	3,599	3,599	3,338	262
Lieutenant Governor	588	588	531	57
Records Info & Archival Mgmt.	2,824	2,827	2,643	184
Secretary of State	4,845	4,845	4,816	29
New Mexico State Personnel	4,576	4,531	4,451	80
State Treasurer	3,911	3,911	3,728	183
Public Defender Department	44,759	45,081	44,760	321
Public Employees Labor Relations Board	231	231	231	(0)
Enterprise Services	590	640	402	238
Elections	4,562	4,562	4,545	17
Compliance and Project Management	877	877	825	52
Special Appropriations	131,713	135,457	128,234	7,223
<b>Total General Control</b>	<b>398,930</b>	<b>406,635</b>	<b>384,969</b>	<b>21,667</b>
<b>Health and Human Services</b>				
Administration	19,287	21,518	20,358	1,159
Financial Oversight	185,538	187,138	169,777	17,362
Epidemiology and Response	23,206	23,611	20,889	2,723
Laboratory Services	13,153	13,461	13,106	355
Program Area 6 - Facilities	132,949	134,750	135,905	(1,155)
Developmental Disabilities Support	162,959	163,359	155,207	8,152
Health Certification, Licensing and Oversight	13,115	13,368	11,562	1,806
Program Support	51,413	68,080	64,935	3,145
Child Support Enforcement	33,240	33,240	30,804	2,436
Medical Assistance Program	4,342,815	4,830,287	4,761,002	69,285
Income Support Program	933,863	944,743	906,256	38,487
Resource Management	8,174	8,174	7,675	498
Water Quality	20,389	20,887	16,614	4,274
Environmental Health	23,796	23,851	19,646	4,204
Environmental Protection	15,722	15,722	13,705	2,018
Program Support	18,881	19,556	19,369	187
Juvenile Justice Facilities	73,487	74,688	72,490	2,198
Protective Services	132,858	136,992	134,766	2,226
Program Support	4,589	4,589	4,518	72

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Health and Human Services (Continued)</b>				
Consumer and Elder Rights	\$ 3,890	\$ 4,544	\$ 4,035	\$ 509
Adult Protective Services	13,665	13,665	13,363	302
Community Involvement	40,010	40,510	40,261	248
Office of African-American Affairs	809	809	771	38
Commission For Deaf and Hard of Hearing	3,769	3,769	2,804	965
Martin Luther King Jr., Commission	-	-	-	-
Blind Services Program	7,849	7,849	7,197	652
Indian Affairs Department	2,950	2,950	2,200	750
Workers' Compensation Administration	10,710	10,990	10,612	377
Governor's Commission On Disability	1,634	1,634	1,406	228
Brain Injury Advisory Council	222	222	197	24
Veterans' Services Department	3,600	4,602	3,405	1,197
Developmental Disabilities Planning Council	1,325	1,325	1,229	96
Office of Guardianship	4,987	4,987	4,497	490
Medicaid Behavioral Health	393,837	448,119	444,789	3,330
Behavioral Health Services	60,877	66,081	61,814	4,267
Workforce Transition Services	27,967	27,967	17,187	10,779
Labor Relations	5,177	5,177	4,230	947
Workforce Technology	19,388	19,388	15,962	3,426
Business Services	10,509	10,509	6,804	3,704
Program Support	29,320	29,320	18,057	11,262
Uninsured Employers Fund	1,211	1,211	734	477
Early Childhood Services	200,855	201,984	180,062	21,922
Early Childhood Services	777	911	754	157
Program Support	-	-	-	-
Uninsured Employers Fund	-	-	-	-
Early Childhood Services	14,016	16,997	14,812	2,184
Early Childhood Services	-	-	-	-
Family Services	-	-	-	-
Special Appropriations	54,072	54,493	47,471	7,022
<b>Total Health and Human Services</b>	<b>7,122,857</b>	<b>7,718,025</b>	<b>7,483,238</b>	<b>234,788</b>
<b>Highways &amp; Transportation</b>				
Construction Program	954,891	954,591	595,324	359,268
Maintenance Program	263,442	286,829	258,428	28,402
Program Support	42,776	42,776	39,938	2,838
<b>Total Highways and Transportation</b>	<b>1,261,109</b>	<b>1,284,197</b>	<b>893,689</b>	<b>390,508</b>
<b>Judicial</b>				
Supreme Court Law Library	1,549	1,549	1,510	39
New Mexico Compilation Commission	1,784	1,784	1,665	118
Judicial Standards Commission	868	868	854	14
Court of Appeals	5,945	5,945	5,945	0
Supreme Court	3,250	3,252	3,247	5
Supreme Court Building Commission	923	923	921	2
First Judicial District Court	8,036	8,055	7,730	325
Second Judicial District Court	27,314	27,487	26,610	877
Third Judicial District Court	7,572	7,605	7,574	31
Fourth Judicial District Court	2,449	2,450	2,435	15
Fifth Judicial District Court	7,238	7,273	7,200	73
Sixth Judicial District Court	3,462	3,468	3,458	11
Seventh Judicial District Court	2,828	2,828	2,792	36
Eighth Judicial District Court	3,169	3,169	3,117	53
Ninth Judicial District Court	4,152	4,221	4,211	9
Tenth Judicial District Court	925	925	893	31
Eleventh Judicial District Court	7,142	7,192	7,167	25

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Judicial (Continued)</b>				
Twelfth Judicial District Court	\$ 3,538	3,538	3,486	\$ 53
Thirteenth Judicial District Court	8,292	8,326	8,210	116
Bernalillo County Metropolitan Court	27,267	27,271	26,577	694
First Judicial District Attorney	5,426	5,426	5,421	5
Second Judicial District Attorney	19,254	19,514	19,060	454
Third Judicial District Attorney	5,637	5,533	5,453	80
Fourth Judicial District Attorney	3,180	3,180	3,179	1
Fifth Judicial District Attorney	4,872	4,970	4,782	188
Sixth Judicial District Attorney	3,005	3,007	2,982	25
Seventh Judicial District Attorney	2,504	2,504	2,455	49
Eighth Judicial District Attorney	2,672	2,676	2,664	12
Ninth Judicial District Attorney	2,853	2,917	2,882	34
Tenth Judicial District Attorney	1,182	1,182	1,182	0
Eleventh Judicial District Attorney-Division I	4,253	4,278	4,064	214
Twelfth Judicial District Attorney	3,061	3,061	3,035	26
Thirteenth Judicial District Attorney	5,251	5,314	5,121	194
Administrative Office of the District Attorneys	2,470	2,584	2,531	53
Eleventh Judicial District Attorney-Division II	2,375	2,375	2,361	14
Administrative Support	12,095	12,095	11,237	858
Administrative Support	9,553	9,553	7,892	1,661
Statewide Judiciary Automation	31,257	31,588	31,068	520
Special Court Services	10,737	11,364	10,850	514
Special Appropriations	4,524	4,524	2,451	2,073
<b>Total Judicial</b>	<b>263,862</b>	<b>265,774</b>	<b>256,270</b>	<b>9,504</b>
<b>Legislative</b>				
Leg Analysis/Oversight Program	4,307	4,307	4,163	144
Special Appropriations	13,950	13,950	12,457	1,493
<b>Total Legislative</b>	<b>18,257</b>	<b>18,257</b>	<b>16,620</b>	<b>1,637</b>
<b>Public Safety</b>				
Program Support	-	-	-	-
Law Enforcement	-	-	0	(0)
Program Support	14,231	13,125	13,060	66
Inmate Management and Control	250,325	252,380	251,106	1,274
Community Offender Management	33,356	33,497	32,865	632
Parole Board	494	494	453	40
Juvenile Parole Board	15	15	14	1
Victim Compensation	2,459	2,459	2,260	199
Federal Grant Administration	5,276	6,069	4,988	1,081
National Guard Support	22,234	22,399	19,304	3,095
Crisis Response	-	-	-	-
Homeland Security and Emergency Management Department	-	-	-	-
Motor Transportation Program	-	-	-	-
State Law Enforcement Support Program	-	-	-	-
Special Appropriations	2,448	2,564	1,521	1,043
<b>Total Public Safety</b>	<b>330,838</b>	<b>333,003</b>	<b>325,571</b>	<b>7,432</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Budgetary Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	With Final Budget
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Regulation and Licensing</b>				
Economic Development	\$ 4,660	9,363	\$ 9,206	\$ 156
Film	755	755	746	10
Program Support	1,972	1,972	1,940	32
Job Creation & Job Growth	-	10,892	4,325	6,567
Program Support	1,572	1,572	1,524	48
Outreach	2,104	2,379	2,206	173
Marketing and Promotion	9,691	9,691	9,647	44
Construction Industries and Manufactured Housing	9,186	9,266	9,169	96
Financial Institutions and Securities	4,926	4,926	3,943	983
Alcohol and Gaming	1,084	1,084	931	152
Program Support	3,321	3,321	2,966	355
Policy and Regulation	7,040	7,469	7,433	36
Public Safety	5,758	11,985	10,942	1,043
Program Support	1,814	1,794	1,766	28
Special Revenues	1,070	1,165	1,065	100
Board of Examiners for Architects	363	363	339	24
New Mexico Border Authority	492	2,262	1,154	1,108
Program Five	505	505	414	91
Program Six	229	229	192	37
Program Seven	155	155	120	35
Program Eight	26	26	20	6
Program Nine	994	1,044	908	135
Program Ten	150	150	134	16
Program Eleven	472	472	358	114
Program Twelve	412	424	368	56
Program Thirteen	20	20	14	6
Program Fourteen	24	25	20	5
Program Fifteen	251	251	220	32
Program Sixteen	32	34	24	10
Program Seventeen	33	33	20	12
Program Eighteen	101	101	81	21
Program Nineteen	92	92	77	15
Program Twenty	159	159	117	42
Program Twenty-one	2,040	2,440	1,801	640
Program Twenty-two	168	168	127	41
Program Twenty-three	40	40	30	9
Program Twenty-four	365	365	287	77
Program Twenty-five	217	217	169	48
Program Twenty-six	329	359	273	87
Program Twenty-seven	909	959	790	169
Program Twenty-eight	84	84	64	20
Program Twenty-nine	318	318	248	70
Program Thirty	165	165	118	46
Program Thirty-one	135	135	105	30
Medical Board	1,886	1,886	1,608	278
Board of Nursing	2,490	2,490	2,250	240
ASD/PEPS	796	796	577	219
Gaming Control Board	5,725	5,725	5,477	247
State Racing Commission	3,130	3,130	2,946	184
Board of Veterinary Medicine	333	348	339	9
Office of Military Base Planning and Support	201	201	188	13

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Regulation and Licensing (Continued)</b>				
Program Thirty-three	\$ 88	\$ 88	\$ 42	\$ 46
Program Thirty-four	129	129	76	54
Spaceport Authority	6,047	6,047	2,381	3,666
Special Revenue	7,204	7,204	7,204	-
Insurance Operations Program	10,448	13,112	7,667	5,446
Patient Compensation Program	16,503	19,503	15,059	4,445
Special Appropriations	3,108	3,108	2,480	628
<b>Total Regulation and Licensing</b>	<b>122,318</b>	<b>152,991</b>	<b>124,695</b>	<b>28,296</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>12,648,904</b>	<b>13,343,701</b>	<b>12,554,719</b>	<b>\$ 788,985</b>
<b>Net Change in Fund Balance</b>	<b>\$ 400</b>	<b>\$ 400</b>	<b>\$ 311,032</b>	

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Balance (Budgetary Basis) \$ 311,032

#### Differences:

NonBudgeted Revenue - Taxes	4,961,151
NonBudgeted Revenue - Federal Revenue	389,141
NonBudgeted Revenue - Investment Income	526,797
NonBudgeted Revenue - Rent and Royalties	584,563
NonBudgeted Revenue - Charges for Services	3,306
NonBudgeted Revenue - Licenses, Fees and Permits	77,991
NonBudgeted Revenue - Assessments	718
NonBudgeted Revenue - Miscellaneous and Other Revenue	31,815
NonBudgeted Revenue - Transfers In	591,953
State General Fund Allotments	(6,163,530)
Expenditures not included in Bud. Comparison - Other BudRefs	(1,004,930)
Account Code 755912 not included in Bud. Comparison	(30,537)
Account Code 568900 not included in Bud. Comparison	(3,376)
Account Code 569000 not included in Bud. Comparison	(34,097)
Account Code 566100 not included in Bud. Comparison	(75,390)
Account Code 565200 not included in Bud. Comparison	(19,918)
Account Code 560300 not included in Bud. Comparison	(46)
Loan Payments based on tax intercepts	(11,982)
Capital Projects Expenditures - A Codes	(11,730)
Proceeds from the Sale of Capital Assets	1,136
Native American Water Rights Settlement	(549)
Reduction of Loss Contingency	100,000
Arizona Water Settlement	9,040

**Total Net Change in Fund Balance as Reported on the Statement of  
Revenues, Expenditures, and Changes in Fund Balances**

**\$ 232,558**

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING

For the Year Ended June 30, 2015

(In Thousands)

### **Budget Process**

The State Legislature makes annual appropriations, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (Modified Accrual Budgetary Basis) and a financial control system, which permits a budget to actual expenditures comparison. Expenditures may not legally exceed appropriations for each budget at the program appropriation unit level. Program appropriation unit is identified in the State's accounting records and in the budgetary schedules as P-Codes, such as "P523 Child Support Enforcement." Budgeted program appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements represent the final authorized amounts. Administrative line item expenditures (personnel, contractual, and other) may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed the approved budget for the program appropriation. Chapter 6-3, NMSA 1978, sets forth the process used to develop the budget for the State of New Mexico. The process is as follows:

1. No later than September 1, the appropriation request is submitted to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of those hearings are incorporated in the State's General Appropriations Act (Act).
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. Not later than May 1, an annual operating budget is submitted to DFA by appropriation unit and object code based upon the appropriation authorized by the Legislature. DFA reviews and approves the operating budget, which becomes effective on July 1.
5. Formal budgetary integration is employed as a management control device during the fiscal year for the General and Special Revenue Funds.

### **Budgetary Basis of Accounting**

The budget is adopted on the modified accrual basis of accounting, per statute; however, accounts payable that are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, they must be paid out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP). Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

### **Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets**

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for, the Capital Projects Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These nonoperating budgets primarily serve as a management control purpose, and because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

### **Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities for the operating budgets. Expenditures are classified in the financial control system based on whether the appropriation is from the operating or multiple year budgets (special or capital). Expenditures funded by the operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures. Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated.

The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as nonappropriated (not budgeted) by the Legislature are the Severance Tax Fund, the Land Grant Fund., and the following Enterprise Funds: State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

### **Excess of Expenses/Expenditures Over Budget**

Expenses/expenditures in excess of budget were reported in the following P Code:

Health & Human Services Program Area 6 - Facilities



The Following Presents Required Supplementary Information for the State

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year Ended June 30 , 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 389,052	\$ 418,996
Interest	1,335,950	1,286,996
Benefit Changes	-	
Difference Between Expected and Actual Experience	59,112	
Changes of Assumptions	-	(91,857)
Benefit Payments	(966,237)	(905,329)
Refunds of Contributions	(46,010)	(47,377)
Net Change in Total Pension Liability	771,868	661,429
Total Pension Liability - Beginning	17,744,187	17,082,758
Total Pension Liability - Ending	18,516,055	17,744,187
<b>Plan Net Position</b>		
Contributions - Employer	317,164	370,766
Contributions - Member	258,920	174,037
Net Investment Income	251,488	2,118,285
Benefit Payments	(966,237)	(905,329)
Administrative Expenses	(9,886)	(10,336)
Refunds of Contributions	(46,010)	(47,377)
Other	25,296	17,006
Net Change in Plan Net Position	(169,264)	1,717,052
Plan Net Position - Beginning	14,424,793	12,707,741
Plan Net Position - Ending	14,255,529	14,424,793
<b>Net Pension Liability - Ending</b>	<b>\$ 4,260,526</b>	<b>\$ 3,319,394</b>

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 3,344	\$ 3,793
Interest	9,900	10,798
Benefit Changes	-	(16,059)
Difference Between Expected and Actual Experience	755	-
Changes of Assumptions	-	(1,004)
Benefit Payments	(9,373)	(8,770)
Refunds of Contributions	(40)	(53)
Net Change in Total Pension Liability	4,586	(11,295)
Total Pension Liability - Beginning	132,451	143,746
Total Pension Liability - Ending	137,037	132,451
<b>Plan Net Position</b>		
Contributions - Employer	4,196	3,741
Contributions - Member	1,579	1,086
Net Investment Income	1,512	13,197
Benefit Payments	(9,373)	(8,770)
Administrative Expenses	(60)	(64)
Refunds of Contributions	(40)	(53)
Other	33	486
Net Change in Plan Net Position	(2,153)	9,623
Plan Net Position - Beginning	91,142	81,519
Plan Net Position - Ending	88,989	91,142
<b>Net Pension Liability - Ending</b>	<b>\$ 48,048</b>	<b>\$ 41,309</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015  
(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 948	\$ 1,428
Interest	3,445	3,689
Benefit Changes	-	(7,528)
Difference Between Expected and Actual Experience	6,703	-
Changes of Assumptions	-	(7,644)
Benefit Payments	(3,956)	(3,690)
Refunds of Contributions	(5)	(15)
Net Change in Total Pension Liability	7,135	(13,760)
Total Pension Liability - Beginning	56,401	70,161
Total Pension Liability - Ending	63,536	56,401
<b>Plan Net Position</b>		
Contributions - Employer	937	793
Contributions - Member	490	266
Net Investment Income	579	5,199
Benefit Payments	(3,956)	(3,690)
Administrative Expenses	(23)	(24)
Refunds of Contributions	(5)	(15)
Other	(19)	217
Net Change in Plan Net Position	(1,997)	2,746
Plan Net Position - Beginning	35,185	32,439
Plan Net Position - Ending	33,188	35,185
<b>Net Pension Liability - Ending</b>	<b>\$ 30,349</b>	<b>\$ 21,216</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 1,251	\$ 1,254
Interest	3,105	2,872
Benefit Changes	-	-
Difference Between Expected and Actual Experience	874	-
Changes of Assumptions	-	408
Benefit Payments	(1,633)	(1,419)
Refunds of Contributions	-	-
Net Change in Total Pension Liability	<u>3,597</u>	<u>3,115</u>
Total Pension Liability - Beginning	<u>40,881</u>	<u>37,766</u>
Total Pension Liability - Ending	<u>44,478</u>	<u>40,881</u>
<b>Plan Net Position</b>		
Contributions - Employer	750	750
Contributions - Member	-	-
Net Investment Income	1,094	8,920
Benefit Payments	(1,633)	(1,419)
Administrative Expenses	(43)	(44)
Refunds of Contributions	-	-
Other	12	404
Net Change in Plan Net Position	<u>180</u>	<u>8,611</u>
Plan Net Position - Beginning	<u>61,923</u>	<u>53,312</u>
Plan Net Position - Ending	<u>62,103</u>	<u>61,923</u>
<b>Net Pension Liability - Ending</b>	<u>\$ (17,625)</u>	<u>\$ (21,042)</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 346,956	\$ 350,248
Interest	1,321,048	1,254,730
Benefit Changes	-	-
Difference Between Expected and Actual Experience	(86,722)	(114,508)
Changes of Assumptions	299,085	-
Benefit Payments	(957,183)	(907,215)
Refunds of Contributions	-	-
Net Change in Total Pension Liability	<u>923,183</u>	<u>583,255</u>
Total Pension Liability - Beginning	<u>17,051,806</u>	<u>16,468,551</u>
Total Pension Liability - Ending	<u>17,974,989</u>	<u>17,051,806</u>
<b>Plan Net Position</b>		
Contributions - Employer	395,130	362,463
Contributions - Member	292,822	268,694
Net Investment Income	423,330	1,444,371
Benefit Payments	(957,183)	(907,214)
Administrative Expenses	(10,598)	(16,618)
Refunds of Contributions	-	-
Other	8,147	2,681
Net Change in Plan Net Position	<u>151,647</u>	<u>1,154,377</u>
Plan Net Position - Beginning	<u>11,346,076</u>	<u>10,191,699</u>
Plan Net Position - Ending	<u>11,497,723</u>	<u>11,346,076</u>
<b>Net Pension Liability - Ending</b>	<u><u>\$ 6,477,265</u></u>	<u><u>\$ 5,705,730</u></u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY PUBLIC EMPLOYEES RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 18,516,055	\$ 17,744,187
Plan Net Position	14,255,529	14,424,793
Net Pension Liability	<u>\$ 4,260,526</u>	<u>\$ 3,319,394</u>
Percentage of Plan Net Position to Total Pension Liability	<u>76.99%</u>	<u>81.29%</u>
Covered Employee Payroll	<u>\$ 2,248,254</u>	<u>\$ 2,102,265</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>189.50%</u>	<u>157.90%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015  
(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 137,038	\$ 132,452
Plan Net Position	88,988	91,141
Net Pension Liability	<u>\$ 48,050</u>	<u>\$ 41,311</u>
Percentage of Plan Net Position to Total Pension Liability	<u>64.94%</u>	<u>68.81%</u>
Covered Employee Payroll	<u>\$ 15,084</u>	<u>\$ 13,163</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>318.54%</u>	<u>313.84%</u>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015  
(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 63,536	\$ 56,401
Plan Net Position	<u>33,187</u>	<u>35,185</u>
Net Pension Liability	<u>\$ 30,349</u>	<u>\$ 21,216</u>
Percentage of Plan Net Position to Total Pension Liability	<u>52.23%</u>	<u>62.38%</u>
Covered Employee Payroll	<u>\$ 5,066</u>	<u>\$ 3,516</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>599.10%</u>	<u>603.49%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 44,478	\$ 40,881
Plan Net Position	62,103	61,923
Net Pension Liability	<u>\$ (17,625)</u>	<u>\$ (21,042)</u>
Percentage of Plan Net Position to Total Pension Liability	<u>139.63%</u>	<u>151.47%</u>
Covered Employee Payroll	<u>\$ N/A</u>	<u>\$ N/A</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>N/A</u>	<u>N/A</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 17,974,989	\$ 17,051,807
Plan Net Position	11,497,723	11,346,076
Net Pension Liability	<u>\$ 6,477,266</u>	<u>\$ 5,705,731</u>
Percentage of Plan Net Position to Total Pension Liability	<u>63.97%</u>	<u>66.54%</u>
Covered Employee Payroll	<u>\$ 2,730,320</u>	<u>\$ 2,718,101</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>237.23%</u>	<u>209.92%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 317,164	\$ 370,766	\$ 285,560	\$ 274,906	\$ 283,377
Actual Employer Contributions	<u>317,164</u>	<u>370,766</u>	<u>285,560</u>	<u>274,906</u>	<u>283,377</u>
Annual Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	<u>\$ 2,248,254</u>	<u>\$ 2,102,265</u>	<u>\$ 2,049,738</u>	<u>\$ 1,994,280</u>	<u>\$ 1,935,014</u>
Annual Contribution as a Percentage of Covered-employee Payroll	<u>14.11%</u>	<u>17.64%</u>	<u>13.93%</u>	<u>13.78%</u>	<u>14.64%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED) For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Contractually Required Contributions	\$ 291,683	\$ 311,082	\$ 292,569	\$ 269,571	\$ 249,740
Actual Employer Contributions	<u>291,683</u>	<u>311,082</u>	<u>292,569</u>	<u>269,571</u>	<u>249,740</u>
Annual Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	<u>\$ 1,993,517</u>	<u>\$ 2,081,259</u>	<u>\$ 1,965,064</u>	<u>\$ 1,908,520</u>	<u>\$ 1,774,918</u>
Annual Contribution as a Percentage of Covered-employee Payroll	<u>14.63%</u>	<u>14.95%</u>	<u>14.89%</u>	<u>14.12%</u>	<u>14.07%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015  
(In Thousands)

	Fiscal Year					
	#	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$	4,919	\$ 6,413	\$ 7,235	\$ 5,835	\$ 5,784
Actual Employer Contributions		4,196	3,741	3,527	3,266	3,824
Annual Contribution Deficiency (Excess)	\$	723	\$ 2,672	\$ 3,708	\$ 2,569	\$ 1,960
Covered-employee Payroll	\$	15,084	\$ 13,163	\$ 13,226	\$ 12,691	\$ 12,267
Annual Contribution as a Percentage of Covered-employee Payroll		27.82%	28.42%	26.67%	25.73%	31.17%

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS JUDICIAL RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Actuarially Determined Contributions	\$ 5,658	\$ 4,690	\$ 4,549	\$ 4,149	\$ 3,851
Actual Employer Contributions	3,699	4,058	3,832	3,623	3,154
Annual Contribution Deficiency (Excess)	\$ 1,959	\$ 632	\$ 717	\$ 526	\$ 697
Covered-employee Payroll	\$ 13,042	\$ 13,011	\$ 11,697	\$ 11,754	\$ 10,060
Annual Contribution as a Percentage of Covered-employee Payroll	28.36%	31.19%	32.76%	30.82%	31.35%

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year					
	#	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$	1,967	\$ 1,992	\$ 2,286	\$ 1,793	\$ 2,014
Actual Employer Contributions		<u>937</u>	<u>793</u>	<u>805</u>	<u>676</u>	<u>895</u>
Annual Contribution Deficiency (Excess)	\$	<u>1,030</u>	<u>\$ 1,199</u>	<u>\$ 1,481</u>	<u>\$ 1,117</u>	<u>\$ 1,119</u>
Covered-employee Payroll	\$	<u>5,066</u>	<u>\$ 3,516</u>	<u>\$ 3,137</u>	<u>\$ 3,214</u>	<u>\$ 3,405</u>
Annual Contribution as a Percentage of Covered-employee Payroll		<u>18.49%</u>	<u>22.55%</u>	<u>25.66%</u>	<u>21.03%</u>	<u>26.28%</u>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS MAGISTRATE RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Actuarially Determined Contributions	\$ 1,698	\$ 1,151	\$ 1,030	\$ 944	\$ 1,009
Actual Employer Contributions	<u>825</u>	<u>1,000</u>	<u>981</u>	<u>920</u>	<u>849</u>
Annual Contribution Deficiency (Excess)	<u>\$ 873</u>	<u>\$ 151</u>	<u>\$ 49</u>	<u>\$ 24</u>	<u>\$ 160</u>
Covered-employee Payroll	<u>\$ 3,520</u>	<u>\$ 4,129</u>	<u>\$ 3,363</u>	<u>\$ 3,465</u>	<u>\$ 3,150</u>
Annual Contribution as a Percentage of Covered-employee Payroll	<u>23.44%</u>	<u>24.22%</u>	<u>29.17%</u>	<u>26.55%</u>	<u>26.95%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Actual Employer Contributions	750	750	750	750	750
Annual Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Annual Contribution as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Actuarially Determined Contributions	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Actual Employer Contributions	750	750	750	750	750
Annual Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Annual Contribution as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Actuarially Determined Contributions	\$ 450,951	\$ 479,884	\$ 480,700	\$ *	\$ *
Actual Employer Contributions	395,130	362,463	299,658		
Annual Contribution Deficiency (Excess)	<u>\$ 55,821</u>	<u>\$ 117,421</u>	<u>\$ 181,042</u>	<u>\$</u>	<u>\$</u>
Covered-employee Payroll	<u>\$ 2,730,320</u>	<u>\$ 2,718,101</u>	<u>\$ 2,706,170</u>	<u>\$</u>	<u>\$</u>
Annual Contribution as a Percentage of Covered-employee Payroll	14.47%	13.34%	11.07%		

\* Information for prior years not available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM (CONTINUED) For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year				
	2010	2009	2008	2007	2006
Actuarially Determined Contributions	\$ *	\$ *	\$ *	\$ *	\$ *
Actual Employer Contributions					
Annual Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered-employee Payroll	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Annual Contribution as a Percentage of Covered-employee Payroll					

\* Information for prior years not available.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION – ALL RETIREMENT SYSTEMS

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	<b>Fiscal Year, Ended June 30, 2015</b>	<b>Fiscal Year, Ended June 30, 2014</b>
Annual Money-weighted Rate of Return, Net of Investment Expenses	<u>1.90%</u>	<u>17.40%</u>

\* Information for prior years not available.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2015 (In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	# 2011
Annual Money-weighted Rate of Return, Net of Investment Expenses	<u>4.06%</u>	<u>14.71%</u>	<u>11.12%</u>	<u>1.87%</u>	<u>19.30%</u>

\* Information for prior years not available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS

### ALL RETIREMENT SYSTEMS

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

	PERS	JRS	MRS	VFRS	EERS
Valuation date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent	Level Percent	Level Percent, Open	Level Dollar	Level Percent
Amortization period	Solved for Based on Statutory Rates	Solved for Based on Statutory Rates	Solved for Based on Statutory Rates	Solved for Based on Statutory Rates	30 years
Asset valuation method	4 Year Smoothed	4 Year Smoothed	4 Year Smoothed	4 Year Smoothed	5 Year Smoothed
Actuarial Assumptions:					
Investment Rate of Return	7.75%	7.75%	* 7.75%	7.75%	7.75%
Payroll Growth	3.50%	3.50%	3.50%	N/A	-
Projected Salary Increases	3.50% - 14.25%	4.25%	3.75%	N/A	3.00% Inflation, plus 1.25% Prod, Inc.
Includes Inflation At	3.00%	3.00%	-	N/A	3.00%

All percentages are stated at an annual rate.

Investment rate of return is net of investment expenses.

\* MRS: Municipal Bond Rate 3.82%

Discount Rate 5.61%



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS OF THE RETIREE HEALTH CARE AUTHORITY

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ 377,087	\$ 3,740,367	\$ 3,363,280	10.08 %	\$ 3,941,588	85.0 %
June 30, 2012	227,488	3,915,114	3,687,626	5.81 %	3,877,827	95.0 %
June 30, 2010	176,923	3,523,665	3,346,742	5.02 %	4,001,802	84.0 %
June 30, 2008	170,626	3,116,916	2,946,290	5.47 %	4,020,509	73.0 %
June 30, 2006	154,539	4,264,181	4,109,642	3.62 %	4,073,732	101.0 %

### Schedule of Employers and Other Contributing Entities Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Actual Contributions Employers	Percentage Contributed
2015	\$ 292,657	\$ -	0.0 %
2014	367,804	149,277	40.6 %
2013	353,658	135,388	38.3 %
2012	340,075	142,054	41.8 %
2011	326,995	120,873	37.0 %
2010	298,000	114,847	38.5 %
2009	286,538	96,817	33.8 %
2008	275,518	94,060	34.1 %

### Additional Information

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	30 Year Open-Ended Amortization, with the initial payment determined as if the future payments would theoretically increase each year on a level percent of pay basis
Amortization period	30 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	5.00%
Projected payroll increases	3.50%
Health care cost trend rate:	
Prescription Drug & Medical	
(Under Age 65, Age 65, and Over)	8.0% from July 1, 2009 to July 1, 2018, decreasing by 0.5% for each year until it reaches an ultimate rate of 5.0%
	This schedule of funding progress is based on healthcare laws and regulations existing at June 30, 2014.

Note: Certain amounts in the above schedule were corrected for rounding errors and certain prior-year amounts were restated.

The Following Presents Required Supplementary Information for the State as Employer

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>PERA - State-Funded Divisions</b>	<b>Measurement Date June 30, 2014</b>
State proportion of the net pension liability	\$ 1,795,898
State proportionate share of the net pension liability	54.10%
State covered employee payroll (b)	\$ 1,151,470
State proportionate share of the net pension liability as a percentage of its covered employee payroll	155.97%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

<b>PERA - Judicial Fund</b>	<b>Measurement Date June 30, 2014</b>
State proportion of the net pension liability	\$ 41,310
State proportionate share of the net pension liability	100.00%
State covered employee payroll (b)	\$ 13,163
State proportionate share of the net pension liability as a percentage of its covered employee payroll	313.83%
Plan fiduciary net position as a percentage of the total pension liability	68.81%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>PERA - Magistrate Fund</b>	<b>Measurement Date June 30, 2014</b>
State proportion of the net pension liability	\$ 21,216
State proportionate share of the net pension liability	100.00%
State covered employee payroll (b)	\$ 3,516
State proportionate share of the net pension liability as a percentage of its covered employee payroll	603.41%
Plan fiduciary net position as a percentage of the total pension liability	603.49%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

<b>PERA - Volunteer Firefighters Fund</b>	<b>Measurement Date June 30, 2014</b>
State proportion of the net pension liability	\$ (21,042)
State proportionate share of the net pension liability	100.00%
State covered employee payroll (b)	*
State proportionate share of the net pension liability as a percentage of its covered employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

\* There is no covered payroll. The State Legislature provides a contribution of \$750 thousand per year.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>ERB - State Agencies</b>	<b>Measurement Date</b>
	<b>June 30, 2014</b>
State proportion of the net pension liability	\$ 19,127
State proportionate share of the net pension liability	0.34%
State covered employee payroll (b)	\$ 9,240
State proportionate share of the net pension liability as a percentage of its covered employee payroll	207.00%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

<b>ERB - Educational Institutions</b>	<b>Measurement Date</b>
	<b>June 30, 2014</b>
State proportion of the net pension liability	\$ 1,665,276
State proportionate share of the net pension liability	29.19%
State covered employee payroll (b)	\$ 930,167
State proportionate share of the net pension liability as a percentage of its covered employee payroll	179.03%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<u>ERB Fund - Component Unit (Charter Schools)</u>	<u>Measurement Date</u> <u>June 30, 2014</u>
Component Units' proportion of the net pension liability \$	109,022
Component Units' proportionate share of the net pension liab	1.91%
Component Units' covered employee payroll (b) \$	52,667
Component Units' proportionate share of the net pension liability as a percentage of its covered employee payroll	207.00%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

<u>PERA - State-Funded Divisions</u>	<u>FY2015</u>
Actuarial determined contribution	\$ 175,750
Contributions in relation to contractually required contribution	175,750
Contribution deficiency	<u>\$ -</u>
State covered employee payroll	\$ 1,245,571
Contributions as a percentage of covered-employee payroll	14.11%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>PERA - Judicial Fund</b>		<b>FY2015</b>
Actuarial determined contribution	\$	4,919
Contributions in relation to contractually required contribution		4,196
Contribution deficiency	\$	<u>723</u>
State covered employee payroll	\$	15,084
Contributions as a percentage of covered-employee payroll		27.82%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

<b>PERA - Magistrate Fund</b>		<b>FY2015</b>
Actuarial determined contribution	\$	1,967
Contributions in relation to contractually required contribution		937
Contribution deficiency	\$	<u>1,030</u>
State covered employee payroll	\$	5,066
Contributions as a percentage of covered-employee payroll		18.49%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>PERA - Volunteer Firefighters Fund</b>	<b>FY2015</b>
Statutorily determined contribution *	\$ 750
Contributions in relation to statutorily determined contributions	750
Contribution deficiency	<u>\$ 750</u>
State covered employee payroll	*
Contributions as a percentage of covered-employee payroll	N/A

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

\* There is no covered payroll. The State Legislature provides a contribution of \$750 thousand per year.



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>ERB - State Agencies</b>		<b>FY2015</b>
Actuarial determined contribution	\$	1,275
Contributions in relation to contractually required contribution		1,275
Contribution	\$	<u><u>0</u></u>
Covered-employee payroll		9,173
Contributions as a percentage of covered-employee payroll		13.90%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

<b>ERB - Educational Institutions</b>		<b>FY2015</b>
Actuarial determined contribution	\$	115,530
Contributions in relation to contractually required contributions		115,530
Contribution excess	\$	<u><u>0</u></u>
Component Units' covered-employee payroll		831,151
Contributions as a percentage of covered-employee payroll		13.90%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30, 2015

(In Thousands)

<b>ERB - Component Units (Charter Schools)</b>		<b>FY2015</b>
Contractually determined contribution	\$	7,913
Contributions in relation to contractually required contributions		7,913
Contribution deficiency	\$	<u>0</u>
Component Units' covered-employee payroll		56,928
Contributions as a percentage of covered-employee payroll		13.90%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered employee payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

# FINANCIAL SECTION OTHER SUPPLEMENTARY INFORMATION



SOUTH VALLEY CHILE FIESTA, ALBUQUERQUE, NEW MEXICO  
SOURCE - [WWW.NEWMEXICO.ORG](http://WWW.NEWMEXICO.ORG)

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR PROPRIETARY FUNDS COMBINING FINANCIAL STATEMENTS

### **Enterprise Funds**

Enterprise funds report the activities for which fees are charged to external users for goods and services.

### **Internal Service Funds**

Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR ENTERPRISE FUNDS COMBINING FINANCIAL STATEMENTS

**Industries for the Blind** – The New Mexico Commission for the Blind’s mission is to encourage and enable the State’s blind citizens to achieve vocational, economic, and social equality. This proprietary fund is used to provide career training and other assistance for New Mexico’s blind citizens and entails the operations of the Albuquerque Training Center.

**Corrections Industries Revolving Fund** – This fund is used to account for certain activities of the Corrections Industries Division of the Department of Corrections. These activities include the manufacture of furniture and textiles, production of agricultural crops, and data entry services.

**Environment Department** – This fund is used to account for revolving loans for wastewater and drinking water facilities.

**New Mexico Magazine** – New Mexico Magazine is a program of the Department of Tourism. The fund accounts for the publishing and distribution of the monthly New Mexico Magazine.

**New Mexico Public Schools Insurance Authority (NMPSIA)** – NMPSIA is a self-insurance pool that provides various benefits and risk coverage to participating public schools, school board members and public school employees, plus retired board members and employees. Coverage provided includes property, casualty, workers’ compensation, health, life, and disability.

**State Infrastructure Bank** – The State Infrastructure Bank is a proprietary fund administered by the Department of Transportation. The fund is used to account for loans made for road projects.

**Miners’ Colfax Medical Center** – Miners’ Colfax Medical Center is a State owned medical facility in Raton, New Mexico. The current organization is a result of a merger between the Miners’ Hospital and Northern Colfax County Hospital. Miners’ Colfax operates a 33-bed acute care hospital; a 49 bed extended care facility and various outpatient clinics in Raton, New Mexico. Miners’ Colfax has programs that serve both miners and non-miners. Information for the fiscal year ended June 30, 2015 was not available for this entity, so FY14 information has been provided.

**Unemployment Insurance Fund** – The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This fund does not account for other than unemployment compensation (i.e., workers’ compensation, employment security labor market statistics, administration of the employment compensation program, etc.)

**State Fair Commission** – This fund administers the operations of the annual New Mexico State Fair and the use of the Fairgrounds facilities during the year

**Department of Cultural Affairs** – This fund administers the enterprise operations of the Department of Cultural Affairs.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

June 30, 2015

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 2	\$ -	\$ -	\$ 44,252
Investment in the State General Fund					
Investment Pool	436	3,044	141,279	1,228	537
Investment in the Local Government					
Investment Pool	-	-	-	-	45,271
Prepaid Expenses and Other Assets	-	1	-	56	256
Due From Other Funds	-	(0)	327	-	-
Receivables, Net	292	868	13,038	48	607
Investments	-	-	-	-	-
Inventories	-	1,227	-	104	-
<b>Total Current Assets</b>	<b>728</b>	<b>5,143</b>	<b>154,644</b>	<b>1,436</b>	<b>90,924</b>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	-	-	-	-
Loans Receivable	-	-	171,981	-	-
Investments	-	-	-	-	31,198
Nondepreciable Capital Assets	-	-	-	-	237
Capital Assets, Net	46	589	-	-	113
<b>Total Noncurrent Assets</b>	<b>46</b>	<b>589</b>	<b>171,981</b>	<b>-</b>	<b>31,548</b>
<b>Total Assets</b>	<b>773</b>	<b>5,732</b>	<b>326,625</b>	<b>1,436</b>	<b>122,472</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows - Pension	14	134	-	99	106

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2015

(In Thousands)

	State Infrastructure Bank	* Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Dept. of Cultural Affairs	Total
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ -	\$ 527	\$ 166,735	\$ 1,855	-	\$ 213,372
Investment in the State General Fund						
Investment Pool	19,958	1,217	191	880	2,241	171,010
Investment in the Local Government						
Investment Pool	-	-	-	-	-	45,271
Prepaid Expenses and Other Assets	-	-	-	-	-	313
Due From Other Funds	1	453	1,492	-	-	2,274
Receivables, Net	1,863	5,464	63,570	870	-	86,621
Investments	-	-	-	-	-	-
Inventories	-	579	-	-	-	1,910
<b>Total Current Assets</b>	<b>21,822</b>	<b>8,240</b>	<b>231,987</b>	<b>3,606</b>	<b>2,241</b>	<b>520,771</b>
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	-	3,942	-	-	-	3,942
Loans Receivable	-	-	-	-	-	171,981
Investments	-	-	-	-	-	31,198
Nondepreciable Capital Assets	-	935	-	819	-	1,991
Capital Assets, Net	-	26,870	-	43,732	341	71,691
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>31,747</b>	<b>-</b>	<b>44,551</b>	<b>341</b>	<b>280,803</b>
<b>Total Assets</b>	<b>21,822</b>	<b>39,987</b>	<b>231,987</b>	<b>48,157</b>	<b>2,582</b>	<b>801,574</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - Pension	-	1,363	-	267	-	1,981



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2015

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 491	\$ 403	\$ -	\$ 119	\$ 1,291
Accrued Liabilities	5	105	-	80	88
Unearned Revenue	-	10	-	40	87
Due to Other Funds	-	-	0	2	-
Funds Held for Others	-	-	-	0	-
Bonds Payable - Current Portion	-	-	-	-	-
Other Liabilities - Current Portion	-	1	-	779	26,054
<b>Total Current Liabilities</b>	<u>496</u>	<u>520</u>	<u>0</u>	<u>1,019</u>	<u>27,519</u>
Noncurrent Liabilities:					
Bonds Payable	-	-	-	-	-
Other Liabilities	141	1,343	-	1,221	49,766
<b>Total Noncurrent Liabilities</b>	<u>141</u>	<u>1,343</u>	<u>-</u>	<u>1,221</u>	<u>49,766</u>
<b>Total Liabilities</b>	<u>637</u>	<u>1,862</u>	<u>0</u>	<u>2,241</u>	<u>77,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows - Pension	39	371	-	273	293
<b>NET POSITION</b>					
Net Investment in Capital Assets	46	589	-	-	350
Restricted for:					
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Unemployment and Insurance	-	-	-	-	-
Loans	-	-	-	-	-
Other Purposes	232	4,623	326,625	-	45,468
Unrestricted (Deficit)	(166)	(1,580)	(0)	(980)	(818)
<b>Total Net Position</b>	<u>\$ 111</u>	<u>\$ 3,632</u>	<u>\$ 326,625</u>	<u>\$ (980)</u>	<u>\$ 45,000</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2015

(In Thousands)

	State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Dept. of Cultural Affairs	Total
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ -	\$ 1,878	\$ -	\$ 3,772	\$ 300	\$ 8,253
Accrued Liabilities	-	718	4,756	386	-	6,138
Unearned Revenue	-	-	10,938	128	-	11,203
Due to Other Funds	-	-	312	-	-	314
Funds Held for Others	-	-	0	-	37	37
Bonds Payable - Current Portion	-	910	-	-	-	910
Other Liabilities - Current Portion	1,063	4	(0)	-	-	27,900
<b>Total Current Liabilities</b>	<b>1,063</b>	<b>3,510</b>	<b>16,006</b>	<b>4,286</b>	<b>337</b>	<b>54,756</b>
Noncurrent Liabilities:						
Bonds Payable	-	12,900	-	-	-	12,900
Other Liabilities	-	13,753	-	2,679	340	69,243
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>26,653</b>	<b>-</b>	<b>2,679</b>	<b>340</b>	<b>82,143</b>
<b>Total Liabilities</b>	<b>1,063</b>	<b>30,162</b>	<b>16,006</b>	<b>6,965</b>	<b>677</b>	<b>136,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - Pension	-	3,782	-	740	-	5,498
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	9,676	-	44,551	160	55,371
Restricted for:						
Debt Service	-	-	-	-	-	-
Capital Projects	-	2,876	-	-	-	2,876
Unemployment and Insurance	-	-	215,981	-	-	215,981
Loans	20,759	-	-	-	-	20,759
Other Purposes	-	1,000	0	-	-	377,948
Unrestricted (Deficit)	-	(6,146)	(0)	(3,832)	1,745	(11,777)
<b>Total Net Position</b>	<b>\$ 20,759</b>	<b>\$ 7,405</b>	<b>\$ 215,981</b>	<b>\$ 40,719</b>	<b>\$ 1,905</b>	<b>\$ 661,158</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2015 (In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 5,776	\$ 7,739	\$ -	\$ 2,788	\$ 351,731
Unemployment Insurance	-	-	-	-	-
Federal Revenue	-	-	-	-	-
Loan and Other Income	-	-	3,722	-	-
Other Operating Revenues	33	115	351	34	8,172
<b>Total Operating Revenues</b>	<b>5,810</b>	<b>7,854</b>	<b>4,073</b>	<b>2,822</b>	<b>359,903</b>
<b>OPERATING EXPENSES</b>					
Benefits, Claims, and Premiums	-	-	-	-	-
General and Administrative Expenses	258	2,350	441	2,813	363,351
Insurance Losses	-	-	-	-	-
Depreciation Expense	9	79	-	-	22
Other Operating Expenses	5,624	5,314	-	153	-
<b>Total Operating Expenses</b>	<b>5,891</b>	<b>7,743</b>	<b>441</b>	<b>2,966</b>	<b>363,373</b>
<b>Operating Income (Loss)</b>	<b>(81)</b>	<b>111</b>	<b>3,632</b>	<b>(144)</b>	<b>(3,470)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and Investment Income	-	2	-	-	1,191
Interest Expense on Capital Asset- related Debt	-	-	-	-	-
Government Grants and Contracts	-	-	11,830	-	-
Other Revenue (Expenses)	7	149	-	-	58
<b>Total Nonoperating Revenues (Expenses)</b>	<b>7</b>	<b>151</b>	<b>11,830</b>	<b>-</b>	<b>1,249</b>
<b>Income (Loss) Before Transfers</b>	<b>(74)</b>	<b>263</b>	<b>15,462</b>	<b>(144)</b>	<b>(2,221)</b>
<b>CAPITAL CONTRIBUTIONS AND ENDOWMENTS</b>					
Capital Grants and Gifts	-	-	-	-	-
<b>TRANSFERS</b>					
Transfers In	-	-	1,300	-	1,323
Transfers Out	-	-	(529)	-	(1,323)
<b>Total Transfers</b>	<b>-</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(74)</b>	<b>263</b>	<b>16,232</b>	<b>(144)</b>	<b>(2,221)</b>
<b>Net Position - Beginning, as Restated</b>	<b>186</b>	<b>3,369</b>	<b>310,393</b>	<b>(836)</b>	<b>47,221</b>
<b>Net Position - Ending</b>	<b>\$ 111</b>	<b>\$ 3,632</b>	<b>\$ 326,625</b>	<b>\$ (980)</b>	<b>\$ 45,000</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED) For the Year Ended June 30, 2015 (In Thousands)

	State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Dept. of Cultural Affairs	Total
<b>OPERATING REVENUES</b>						
Charges for Services	\$ -	\$ 17,450	\$ -	\$ 11,556	\$ -	\$ 397,040
Unemployment Insurance	-	-	269,593	-	-	269,593
Federal Revenue	-	-	(0)	-	-	(0)
Loan and Other Income	-	3,235	2,338	-	-	9,296
Other Operating Revenues	-	1,327	5,105	969	1	16,107
<b>Total Operating Revenues</b>	<b>-</b>	<b>22,013</b>	<b>277,036</b>	<b>12,525</b>	<b>1</b>	<b>692,036</b>
<b>OPERATING EXPENSES</b>						
Benefits, Claims, and Premiums	-	-	193,479	-	-	193,479
General and Administrative Expenses	-	13,513	-	12,715	1,374	396,814
Insurance Losses	-	-	-	-	-	-
Depreciation Expense	-	1,960	-	2,694	158	4,922
Other Operating Expenses	-	9,161	-	-	59	20,312
<b>Total Operating Expenses</b>	<b>-</b>	<b>24,634</b>	<b>193,479</b>	<b>15,409</b>	<b>1,592</b>	<b>615,527</b>
<b>Operating Income (Loss)</b>	<b>-</b>	<b>(2,621)</b>	<b>83,558</b>	<b>(2,884)</b>	<b>(1,591)</b>	<b>76,509</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and Investment Income	17	18	-	1	-	1,229
Interest Expense on Capital Asset- related Debt	-	(334)	-	(8)	(7)	(349)
Government Grants and Contracts	-	-	7,230	-	-	19,060
Other Revenue (Expenses)	-	217	-	-	-	431
<b>Total Nonoperating Revenues (Expenses)</b>	<b>17</b>	<b>(99)</b>	<b>7,230</b>	<b>(7)</b>	<b>(7)</b>	<b>20,371</b>
<b>Income (Loss) Before Transfers</b>	<b>17</b>	<b>(2,720)</b>	<b>90,787</b>	<b>(2,891)</b>	<b>(1,598)</b>	<b>96,880</b>
<b>CAPITAL CONTRIBUTIONS AND ENDOWMENTS</b>						
Capital Grants and Gifts	-	-	-	-	-	-
<b>TRANSFERS</b>						
Transfers In	-	452	-	1,410	-	4,485
Transfers Out	-	-	-	-	-	(1,852)
<b>Total Transfers</b>	<b>-</b>	<b>452</b>	<b>-</b>	<b>1,410</b>	<b>-</b>	<b>2,633</b>
<b>Change in Net Position</b>	<b>17</b>	<b>(2,268)</b>	<b>90,787</b>	<b>(1,481)</b>	<b>(1,598)</b>	<b>99,513</b>
<b>Net Position - Beginning, as Restated</b>	<b>20,742</b>	<b>9,673</b>	<b>125,194</b>	<b>42,200</b>	<b>3,503</b>	<b>561,645</b>
<b>Net Position - Ending</b>	<b>\$ 20,759</b>	<b>\$ 7,405</b>	<b>\$ 215,981</b>	<b>\$ 40,719</b>	<b>\$ 1,905</b>	<b>\$ 661,158</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2015 (In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	Public Schools Insurance Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from:					
Fees for Service	\$ 5,815	\$ -	\$ -	\$ 2,856	\$ 351,641
Sale of Products	-	8,105	-	39	-
Loan and Note Repayments	-	-	18,447	-	-
Unemployment Insurance	-	-	-	-	-
Other Sources	-	-	778	-	8,172
Cash Payments to or for:					
Suppliers	(5,425)	(7,118)	(760)	(2,245)	(50,007)
Employees	(196)	(1,531)	-	(747)	-
Unemployment Benefits	-	-	-	-	-
Loans, Loan Losses, Insurance Losses	-	-	-	-	(293,227)
Other Payments	-	-	(21,433)	-	(21,405)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>194</b>	<b>(544)</b>	<b>(2,967)</b>	<b>(98)</b>	<b>(4,825)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	-	-	1,300	-	-
Transfers Out	-	-	(529)	-	-
Gifts for Other Than Capital Purposes	-	-	-	-	-
Intergovernmental Receipts	-	-	-	-	-
Other Noncapital Financing	-	-	-	-	58
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>58</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(14)	(283)	-	-	(37)
Capital Gifts, Grants, and Contracts	-	-	11,830	-	-
Capital Debt Service Payments - Principal	-	-	-	-	-
Capital Debt Service Payments - Interest	-	-	-	-	-
Capital Contributions and Debt Proceeds	-	-	-	-	-
Proceeds from Sale of Capital Assets	7	-	-	-	-
Other Capital Financing	-	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(7)</b>	<b>(283)</b>	<b>11,830</b>	<b>-</b>	<b>(37)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of Interest and Dividends of Investments	-	2	-	-	246
Purchase of Investments	-	-	-	-	-
Receipts of Rent	-	149	-	-	-
Proceeds from Sale and Maturity of Investments	-	-	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>246</b>
<b>Net Increase (Decrease) in Cash</b>	<b>187</b>	<b>(676)</b>	<b>9,633</b>	<b>(98)</b>	<b>(4,559)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>248</b>	<b>3,722</b>	<b>131,646</b>	<b>1,326</b>	<b>94,619</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 436</b>	<b>\$ 3,046</b>	<b>\$ 141,279</b>	<b>\$ 1,228</b>	<b>\$ 90,060</b>
<b>Cash and Cash Equivalents</b>					
Unrestricted	\$ -	\$ 2	\$ -	\$ -	\$ 44,252
Restricted	-	-	-	-	-
Investment in State Gen. Fund Investment Pool	436	3,044	141,279	1,228	537
Investment in Local Government Invest Pool	-	-	-	-	45,271
<b>Total Cash and Cash Equivalents</b>	<b>\$ 436</b>	<b>\$ 3,046</b>	<b>\$ 141,279</b>	<b>\$ 1,228</b>	<b>\$ 90,060</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Dept. of Cultural Affairs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from:						
Fees for Service	\$ -	\$ 16,822	\$ -	\$ 12,200	\$ 6	\$ 389,340
Sale of Products	-	-	-	-	-	8,144
Loan and Note Repayments	-	-	-	-	-	18,447
Unemployment Insurance	-	-	275,208	-	-	275,208
Other Sources	-	3,734	2,338	-	-	15,023
Cash Payments to or for:						
Suppliers	-	(8,120)	-	(6,323)	(2,555)	(82,552)
Employees	-	(13,818)	-	(5,669)	-	(21,962)
Unemployment Benefits	-	-	(194,618)	-	-	(194,618)
Loans, Loan Losses, Insurance Losses	-	-	-	-	-	(293,227)
Other Payments	-	-	-	-	-	(42,837)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>-</b>	<b>(1,382)</b>	<b>82,929</b>	<b>209</b>	<b>(2,548)</b>	<b>70,966</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In	-	-	-	962	-	2,262
Transfers Out	-	-	-	-	-	(529)
Gifts for Other Than Capital Purposes	-	-	-	-	-	-
Intergovernmental Receipts	-	-	12,197	-	-	12,197
Other Noncapital Financing	-	217	-	-	-	275
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>217</b>	<b>12,197</b>	<b>962</b>	<b>-</b>	<b>14,205</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of Capital Assets	-	(493)	-	(962)	-	(1,788)
Capital Gifts, Grants, and Contracts	-	-	-	-	-	11,830
Capital Debt Service Payments - Principal	-	(838)	-	(676)	-	(1,514)
Capital Debt Service Payments - Interest	-	(308)	-	(12)	-	(320)
Capital Contributions and Debt Proceeds	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	7
Other Capital Financing	(800)	-	-	448	-	(352)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(800)</b>	<b>(1,638)</b>	<b>-</b>	<b>(1,202)</b>	<b>-</b>	<b>7,863</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipts of Interest and Dividends of Investments	17	18	-	1	-	284
Purchase of Investments	-	(1,942)	-	-	-	(1,942)
Receipts of Rent	-	-	-	-	-	149
Proceeds from Sale and Maturity of Investments	-	85	-	-	-	85
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>17</b>	<b>(1,838)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1,424)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(783)</b>	<b>(4,642)</b>	<b>95,126</b>	<b>(31)</b>	<b>(2,548)</b>	<b>91,609</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>20,741</b>	<b>10,328</b>	<b>71,800</b>	<b>2,767</b>	<b>4,789</b>	<b>341,986</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 19,958</b>	<b>\$ 5,686</b>	<b>\$ 166,926</b>	<b>\$ 2,736</b>	<b>\$ 2,241</b>	<b>\$ 433,595</b>
<b>Cash and Cash Equivalents</b>						
Unrestricted	\$ -	\$ 527	\$ 166,735	\$ 1,855	\$ -	\$ 213,372
Restricted	-	3,942	-	-	-	3,942
Investment in State Gen. Fund Investment Pool	19,958	1,217	191	880	2,241	171,010
Investment in Local Government Invest Pool	-	-	-	-	-	45,271
<b>Total Cash and Cash Equivalents</b>	<b>\$ 19,958</b>	<b>\$ 5,685</b>	<b>\$ 166,926</b>	<b>\$ 2,736</b>	<b>\$ 2,241</b>	<b>\$ 433,595</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority
<b>RECONCILIATION OF OPERATING INCOME</b>					
<b>TO NET CASH PROVIDED (USED) BY</b>					
<b>OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (81)	\$ 111	\$ 3,632	\$ (144)	\$ (3,470)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	9	79	-	-	22
Change in net pension liability	(3)	(27)	-	(20)	(22)
Change in deferred outflows of resources	-	-	-	-	-
Change in deferred inflows of resources	-	-	-	-	-
Bad Debt Expense	-	-	-	-	3,274
Net Changes in Assets and Liabilities Related to Operating Activities:					
Receivables/Due From Other Funds	2	251	(6,579)	58	(110)
Notes/Loans	2	-	-	-	-
Inventories	-	(361)	-	31	-
Prepaid Items/Other Assets	-	(1)	-	9	-
Claims Payable	-	-	-	-	-
Accounts Payable/Accrued Liabilities/Due To Other Funds	264	(597)	(20)	(47)	(4,540)
Loss Adjustments	-	-	-	-	-
Unearned Revenue	-	-	-	14	20
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 194</b>	<b>\$ (544)</b>	<b>\$ (2,967)</b>	<b>\$ (98)</b>	<b>\$ (4,825)</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	State Infrastructure Bank	Miners' Colfax Medical Center	Unemployment Insurance Fund	State Fair Commission	Dept. of Cultural Affairs	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ -	\$ (2,621)	\$ 83,558	\$ (2,884)	\$ (1,591)	\$ 76,509
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used)						
by Operating Activities:						
Depreciation	-	1,960	-	2,694	158	4,922
Change in net pension liability	-	(278)	-	(54)	-	(405)
Change in deferred outflows of resources	-	-	-	-	-	-
Change in deferred inflows of resources	-	-	-	-	-	-
Bad Debt Expense	-	1,990	-	-	-	5,264
Net Changes in Assets and Liabilities Related to Operating Activities:						
Receivables/Due From Other Funds	0	(3,446)	(5,437)	(342)	5	(15,596)
Notes/Loans	-	-	-	-	-	2
Inventories	-	(117)	-	-	-	(447)
Prepaid Items/Other Assets	-	-	-	-	-	9
Claims Payable	-	-	-	-	(352)	(352)
Accounts Payable/Accrued Liabilities/Due To Other Funds	-	1,131	4,808	785	(769)	1,017
Loss Adjustments	-	-	-	-	-	-
Unearned Revenue	-	-	-	9	-	43
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 0</b>	<b>\$ (1,382)</b>	<b>\$ 82,929</b>	<b>\$ 209</b>	<b>\$ (2,548)</b>	<b>\$ 70,966</b>



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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

**Fleet Operations** – This fund accounts for the operations of the Transportation Motor Pool and the State Aircraft Pool, which provide ground and air transportation services to all state agencies on a fee basis.

**Risk Management** – This fund provides insurance coverage for all state agencies. Areas covered include public liability, workers compensation, group health and life, unemployment compensation, surety bond, and property insurance. Agencies are charged a premium based on several factors, including history and number of employees.

**Printing and Records** – This fund accounts for the provision of printing services of all kinds to state agencies according to an approved fee schedule. The fund also includes services for the retention and storage of public records for all state agencies, which pay an assessment based on size and usage.

**Communications Services** – This fund provides voice and data telecommunications services to all state agencies, which are assessed an annual fee based on size and prior usage.

**Information Processing** – This fund provides automated data processing services for all state agencies, which are assessed an annual fee based on size and prior usage.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2015  
(In Thousands)

	Fleet Operations	Risk Management	Printing and Records
<b>ASSETS</b>			
Current Assets:			
Investment in the State General Fund			
Investment Pool	\$ 2,734	\$ 130,100	\$ 972
Due From Other Funds	10	9	0
Receivables, Net	600	820	169
Inventories and Other Assets	-	-	38
<b>Total Current Assets</b>	<u>3,344</u>	<u>130,930</u>	<u>1,180</u>
Noncurrent Assets:			
Capital Assets, Net	5,544	5	204
<b>Total Noncurrent Assets</b>	<u>5,544</u>	<u>5</u>	<u>204</u>
<b>Total Assets</b>	<u>8,887</u>	<u>130,935</u>	<u>1,385</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	193	442	467
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	623	9,968	350
Accrued Liabilities	127	100,648	270
Due to Other Funds	1	1,493	2
Other Liabilities	-	(0)	0
<b>Total Current Liabilities</b>	<u>751</u>	<u>112,110</u>	<u>622</u>
Noncurrent Liabilities:			
Other Liabilities	1,943	105,485	4,695
<b>Total Noncurrent Liabilities</b>	<u>1,943</u>	<u>105,485</u>	<u>4,695</u>
<b>Total Liabilities</b>	<u>2,694</u>	<u>217,594</u>	<u>5,317</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pension	537	1,226	1,297
<b>NET POSITION</b>			
Net Investment in			
Capital Assets	5,544	5	204
Restricted for:			
Other Purposes	-	-	12
Unrestricted (Deficit)	306	(87,449)	(4,978)
<b>Total Net Position</b>	<u>\$ 5,850</u>	<u>\$ (87,444)</u>	<u>\$ (4,762)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR INTERNAL SERVICE FUNDS (CONTINUED) June 30, 2015 (In Thousands)

	Communication Services	Information Processing	Total
<b>ASSETS</b>			
Current Assets:			
Investment in the State General Fund			
Investment Pool	\$ 12,176	\$ 20,404	\$ 166,386
Due From Other Funds	362	31,368	31,749
Receivables, Net	8,776	157	10,522
Inventories and Other Assets	-	-	38
<b>Total Current Assets</b>	<u>21,314</u>	<u>51,928</u>	<u>208,696</u>
Noncurrent Assets:			
Capital Assets, Net	25,523	9,469	40,746
<b>Total Noncurrent Assets</b>	<u>25,523</u>	<u>9,469</u>	<u>40,746</u>
<b>Total Assets</b>	<u>46,838</u>	<u>61,397</u>	<u>249,442</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	1,245	596	2,943
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,115	1,554	13,610
Accrued Liabilities	625	235	101,906
Due to Other Funds	24,106	7,591	33,193
Other Liabilities	-	-	(0)
<b>Total Current Liabilities</b>	<u>25,846</u>	<u>9,379</u>	<u>148,709</u>
Noncurrent Liabilities:			
Other Liabilities	12,836	6,105	131,063
<b>Total Noncurrent Liabilities</b>	<u>12,836</u>	<u>6,105</u>	<u>131,063</u>
<b>Total Liabilities</b>	<u>38,682</u>	<u>15,484</u>	<u>279,772</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pension	3,455	1,653	8,167
<b>NET POSITION</b>			
Net Investment in			
Capital Assets	25,523	9,469	40,746
Restricted for:			
Other Purposes	145	43,886	44,042
Unrestricted (Deficit)	(19,723)	(8,498)	(120,342)
<b>Total Net Position</b>	<u>\$ 5,946</u>	<u>\$ 44,856</u>	<u>\$ (35,554)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR INTERNAL SERVICE FUNDS For the Year Ended June 30, 2015 (In Thousands)

	Fleet Operations	Risk Management	Printing and Records
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 6,626	\$ 454,339	\$ 1,902
Other Operating Revenues	36	1,024	69
Interest Income	-	103	-
<b>Total Operating Revenues</b>	<u>6,662</u>	<u>455,466</u>	<u>1,971</u>
<b>OPERATING EXPENSES</b>			
General and Administrative Expenses	6,587	411,348	5,631
Depreciation Expense	1,172	0	101
Other Operating Expenses	-	0	18
<b>Total Operating Expenses</b>	<u>7,759</u>	<u>411,348</u>	<u>5,750</u>
<b>Operating Income (Loss)</b>	<u>(1,097)</u>	<u>44,118</u>	<u>(3,779)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Income	-	-	-
Gain (Loss) on Sale of Capital Assets	70	-	73
Nonoperating Revenues (Expenses)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>70</u>	<u>-</u>	<u>73</u>
<b>Income (Loss) Before Transfers</b>	<u>(1,027)</u>	<u>44,118</u>	<u>(3,706)</u>
<b>TRANSFERS</b>			
Transfers In	648	8,246	3,796
Transfers Out	(372)	(11,623)	(82)
<b>Total Transfers</b>	<u>276</u>	<u>(3,377)</u>	<u>3,714</u>
<b>Special Item</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	(750)	40,741	8
<b>Net Position - Beginning</b>	6,600	(128,185)	(4,770)
<b>Net Position - Ending</b>	<u>\$ 5,850</u>	<u>\$ (87,444)</u>	<u>\$ (4,762)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR INTERNAL SERVICE FUNDS (CONTINUED) For the Year Ended June 30, 2015 (In Thousands)

	Communication Services	Information Processing	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 43,582	\$ 8,966	\$ 515,416
Other Operating Revenues	81	31	1,242
Interest Income	0	0	103
<b>Total Operating Revenues</b>	<u>43,664</u>	<u>8,998</u>	<u>516,761</u>
<b>OPERATING EXPENSES</b>			
General and Administrative Expenses	36,962	7,299	467,828
Depreciation Expense	6,485	3,562	11,319
Other Operating Expenses	-	-	18
<b>Total Operating Expenses</b>	<u>43,447</u>	<u>10,861</u>	<u>479,165</u>
<b>Operating Income (Loss)</b>	<u>217</u>	<u>(1,863)</u>	<u>37,596</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Income	-	14	14
Gain (Loss) on Sale of Capital Assets	(184)	-	(41)
Nonoperating Revenues (Expenses)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(184)</u>	<u>14</u>	<u>(28)</u>
<b>Income (Loss) Before Transfers</b>	<u>33</u>	<u>(1,850)</u>	<u>37,569</u>
<b>TRANSFERS</b>			
Transfers In	7,958	14,736	35,384
Transfers Out	(8,898)	(9,762)	(30,737)
<b>Total Transfers</b>	<u>(940)</u>	<u>4,973</u>	<u>4,647</u>
<b>Special Item</b>	<u>(977)</u>	<u>-</u>	<u>(977)</u>
<b>Change in Net Position</b>	(1,885)	3,124	41,238
<b>Net Position - Beginning</b>	7,830	41,733	(76,792)
<b>Net Position - Ending</b>	<u>\$ 5,946</u>	<u>\$ 44,856</u>	<u>\$ (35,554)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR INTERNAL SERVICE FUNDS For the Year Ended June 30, 2015 (In Thousands)

	Fleet Operations	Risk Management	Printing and Records
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from:			
Fees for Service	\$ 6,950	\$ 455,786	\$ 1,978
Other Sources	36	-	-
Cash Payments to or for:			
Suppliers	(5,379)	(422,381)	(2,271)
Employees	(1,780)	(1,702)	(3,744)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(174)</u>	<u>31,703</u>	<u>(4,037)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	642	5,118	3,796
Transfers Out	(366)	(8,496)	(82)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>276</u>	<u>(3,377)</u>	<u>3,714</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Sale of Capital Assets	70	-	73
Acquisition of Capital Assets	(2,716)	(6)	(38)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(2,646)</u>	<u>(6)</u>	<u>34</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts of Interest and Dividends of Investments	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	(2,544)	28,320	(289)
<b>Cash and Cash Equivalents at Beginning of Year, as Restated</b>	5,278	101,780	1,261
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 2,734</u>	<u>\$ 130,100</u>	<u>\$ 973</u>
<b>Cash and Cash Equivalents</b>			
Investment in the State General Fund Investment Pool	2,734	130,100	973
Total Cash and Cash Equivalents	<u>\$ 2,734</u>	<u>\$ 130,100</u>	<u>\$ 973</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (1,097)	\$ 44,118	\$ (3,779)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,172	0	101
Change in net pension liability	(39)	(90)	(95)
Change in deferred outflows of resources	-	-	-
Change in deferred inflows of resources	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
Receivables/Due From Other Funds	324	183	69
Inventories	-	-	223
Prepaid Items/Other Assets	-	115	-
Insurance Claims Payable	-	(1,977)	-
Accounts Payable/Accrued Liabilities/Due To Other Funds	(533)	(10,647)	(556)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (174)</u>	<u>\$ 31,703</u>	<u>\$ (4,037)</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Communication Services	Information Processing	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from:			
Fees for Service	\$ 43,237	\$ 8,952	\$ 516,902
Other Sources	-	-	36
Cash Payments to or for:			
Suppliers	(25,614)	(3,309)	(458,956)
Employees	(11,468)	(4,179)	(22,873)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>6,155</u>	<u>1,464</u>	<u>35,109</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	-	3,168	12,724
Transfers Out	(2,983)	(141)	(12,067)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(2,983)</u>	<u>3,026</u>	<u>657</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Sale of Capital Assets	-	-	143
Acquisition of Capital Assets	-	(5,914)	(8,674)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>(5,914)</u>	<u>(8,531)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts of Interest and Dividends of Investments	-	14	14
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>14</u>	<u>14</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents at Beginning of Year, as Restated</b>	3,172	(1,410)	27,250
<b>Cash and Cash Equivalents at End of Year</b>	<u>9,004</u>	<u>21,813</u>	<u>139,137</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 12,176</u>	<u>\$ 20,404</u>	<u>\$ 166,387</u>
<b>Cash and Cash Equivalents</b>			
Investment in the State General Fund Investment Pool	12,176	20,404	166,387
Total Cash and Cash Equivalents	<u>\$ 12,176</u>	<u>\$ 20,404</u>	<u>\$ 166,387</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 217	\$ (1,863)	\$ 37,596
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	6,485	3,562	11,319
Change in net pension liability	(254)	(122)	(601)
Change in deferred outflows of resources	-	-	-
Change in deferred inflows of resources	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
Receivables/Due From Other Funds	(427)	(59)	90
Inventories	-	-	223
Prepaid Items/Other Assets	-	-	115
Insurance Claims Payable	-	-	(1,977)
Accounts Payable/Accrued Liabilities/Due To Other Funds	134	(54)	(11,656)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 6,155</u>	<u>\$ 1,464</u>	<u>\$ 35,109</u>



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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION FIDUCIARY FUNDS PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS FINANCIAL STATEMENTS

**Public Employees Retirement Association - (PERA)** – PERA is comprised of four separate systems, which offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators.

**Educational Employees' Retirement System (EERS)** – EERS is a qualified, defined benefit, governmental retirement plan established and administered by the State of New Mexico to provide pension benefits for all state certified employees, teachers and other employees of the State educational institutions, junior colleges, and technical vocational institutes.

**New Mexico Retiree Health Care Authority (RHCA)** – RHCA is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that provides comprehensive core group health insurance for persons who have retired from public service with entities in the State of New Mexico.

**Deferred Compensation Plan (IRC 457)** – The State of New Mexico offers its employees a deferred compensation plan (Plan) under Chapters 10-7-A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Public Employee’s Retiree Association is the trustee of the Plan; however, the Plan is administered by a third party administrator acting under contract with PERA.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

June 30, 2015

(In Thousands)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	Total
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 797,853	\$ 545,569	\$ -	\$ -	\$ 1,343,422
Investment in State General Fund Investment Pool	33,939	7,891	7,821	-	49,651
Investments:					
U.S. Gov't. and Agency Securities	1,539,178	585,177	-	-	2,124,355
International Securities	4,736,910	2,314,285	115,815	-	7,167,010
Corporate Equity Securities	3,272,929	3,570,972	97,905	-	6,941,805
Corporate and Municipal Bonds	1,651,366	701,482	85,929	-	2,438,777
Partnerships and Other Investments	2,430,241	3,686,578	134,170	491,987	6,742,976
Securities Lending Collateral Invest.	4	-	-	-	4
Receivables:					
Brokers	50,476	129,165	-	-	179,641
Contributions	10,834	85,416	-	181	96,430
Accrued Interest and Other	44,940	13,468	(0)	-	58,408
Accounts Receivable	1,112	539	19,574	-	21,225
Participant Loans	-	-	-	9,178	9,178
Other Assets	(0)	-	-	-	(0)
Capital Assets, Net	13,034	2,004	1,125	-	16,163
<b>Total Assets</b>	<b>14,582,816</b>	<b>11,642,546</b>	<b>462,339</b>	<b>501,346</b>	<b>27,189,047</b>
<b>LIABILITIES</b>					
Accounts Payable	9,119	4,708	2,036	-	15,863
Security Lending Liability	4	-	-	-	4
Accrued Liabilities	402	549	141	-	1,092
Due to Brokers	133,080	138,246	-	-	271,326
Unearned Revenue	-	-	437	-	437
Deposits Held in Trust	(0)	56	-	-	56
Other Liabilities	(0)	1,261	17,718	-	18,979
<b>Total Liabilities</b>	<b>142,605</b>	<b>144,820</b>	<b>20,332</b>	<b>-</b>	<b>307,757</b>
<b>NET POSITION</b>					
Held in Trust for:					
Pension Benefits	14,440,211	11,497,726	(0)	-	25,937,937
Other Employee Benefits	-	-	442,007	-	442,007
Defined Contribution	-	-	-	501,346	501,346
<b>Net Position</b>	<b>\$ 14,440,211</b>	<b>\$ 11,497,726</b>	<b>\$ 442,007</b>	<b>\$ 501,346</b>	<b>\$ 26,881,290</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

For the Year Ended June 30, 2015

(In Thousands)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	Total
<b>ADDITIONS</b>					
Contributions:					
Employee Contributions	\$ 260,989	\$ 292,822	\$ 134,666	\$ 34,628	\$ 723,105
Employer Contributions	320,297	395,130	126,179	-	841,605
Other	3,150	-	38	-	3,188
<b>Total Contributions</b>	<b>584,435</b>	<b>687,952</b>	<b>260,883</b>	<b>34,628</b>	<b>1,567,898</b>
Investment Income (Loss):					
Net Increase in Fair Value of Investments	(209,221)	308,404	9,871	18,933	127,987
Interest and Dividends	492,360	133,007	14	450	625,831
	283,139	441,410	9,885	19,383	753,818
Less Investment Expense	28,463	18,078	-	-	46,541
<b>Net Investment Income</b>	<b>254,676</b>	<b>423,332</b>	<b>9,885</b>	<b>19,383</b>	<b>707,277</b>
Other Additions:					
Other Operating Revenues	322	8,147	47,704	-	56,173
<b>Total Other Additions</b>	<b>322</b>	<b>8,147</b>	<b>47,704</b>	<b>-</b>	<b>56,173</b>
<b>Total Additions</b>	<b>839,434</b>	<b>1,119,431</b>	<b>318,472</b>	<b>54,011</b>	<b>2,331,348</b>
<b>DEDUCTIONS</b>					
Benefits and Claims	981,199	920,755	259,774	38,955	2,200,683
Refunds	46,055	36,428	0	-	82,483
General and Administrative Expenses	9,299	10,229	2,715	1,058	23,301
Other Operating Expenses	712	369	15	-	1,096
<b>Total Deductions</b>	<b>1,037,265</b>	<b>967,781</b>	<b>262,505</b>	<b>40,013</b>	<b>2,307,563</b>
<b>Special Item</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>
<b>Change in Net Position</b>	<b>(172,831)</b>	<b>151,650</b>	<b>55,967</b>	<b>13,999</b>	<b>48,784</b>
<b>Net Position - Beginning, as Restated</b>	<b>14,613,042</b>	<b>11,346,076</b>	<b>386,040</b>	<b>487,348</b>	<b>26,832,506</b>
<b>Net Position - Ending</b>	<b>\$ 14,440,211</b>	<b>\$ 11,497,726</b>	<b>\$ 442,007</b>	<b>\$ 501,346</b>	<b>\$ 26,881,290</b>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

### EXTERNAL INVESTMENT TRUST FUNDS FINANCIAL STATEMENTS

**State Investment Council** – The State Investment Council (Council) is responsible for the investment activities of certain State of New Mexico Trust Funds. Pursuant to New Mexico law, the Council created the following investment pools: Large Capitalization Active, Large Capitalization Index, Core Bonds, Structured Credit, Mid\Small Capitalization, Non-U.S. Equity Securities, Non-U.S. Emerging Markets, and Absolute Bonds. The investment pools provide long-term investment opportunities for state agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by State are presented in both the Governmental Funds and Proprietary Funds.

**State Treasurer** – The Office of the State Treasurer holds and invests monies for other state agencies and local governments through the Local Governmental Investment Pool. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by the State are presented in both the Governmental Funds and Proprietary Funds.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS

June 30, 2015

(In Thousands)

	State Investment Council	State Treasurer	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,086	\$ 201,179	\$ 202,265
Investment in Local Government			
Investment Pool	-	-	-
Investments	69,907	287,483	357,390
Receivables	3,274	649	3,923
<b>Total Assets</b>	<u>74,267</u>	<u>489,311</u>	<u>563,578</u>
Intergovernmental Payables	-	-	-
Other Liabilities	4,912	10,638	15,550
<b>Total Liabilities</b>	<u>4,912</u>	<u>10,638</u>	<u>15,550</u>
<b>NET POSITION</b>			
Held in Trust for			
External Investment Pool Participants	69,355	478,673	548,028
<b>Net Position</b>	<u>\$ 69,355</u>	<u>\$ 478,673</u>	<u>\$ 548,028</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	State Investment Council	State Treasurer	Total
<b>ADDITIONS</b>			
Pool Participant Deposits	\$ 10,000	\$ 292,734	\$ 302,734
Investment Income (Loss):			
Net Increase (Decrease) in			
Fair Value of Investments	736	(336)	400
Interest and Dividends	1,369	513	1,882
<b>Total Additions</b>	<b>12,105</b>	<b>292,911</b>	<b>305,016</b>
<b>DEDUCTIONS</b>			
General and Administrative Expenses	125	54	179
Distributions	8,997	266,962	275,959
<b>Total Deductions</b>	<b>9,122</b>	<b>267,016</b>	<b>276,138</b>
<b>Change in Net Position</b>	<b>2,983</b>	<b>25,895</b>	<b>28,878</b>
<b>Net Position - Beginning, As Restated</b>	<b>66,373</b>	<b>452,777</b>	<b>519,150</b>
<b>Net Position - Ending</b>	<b>\$ 69,356</b>	<b>\$ 478,672</b>	<b>\$ 548,028</b>

\* The pool participant deposits reported for the State Treasurer above is net of actual pool participant deposits and withdrawals.

\*\* Includes reduction of interfund investments.



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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

#### PRIVATE PURPOSE TRUST FUNDS FINANCIAL STATEMENTS

**Scholarship Fund** – This grouping includes scholarship trust funds administered by the Higher Education Department and the Public Education Department.

**Trust Fund** – The 529 Higher Education Savings Plan is a variable return college savings program that enables individuals to save and invest in order to fund future higher education expenses of a child or beneficiary. The program is designed to be a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and is maintained by the Education Trust Board.

**Water Trust Fund** – The Water Trust Fund accounts for monies appropriated, donated, or otherwise accrued in the fund for the water project fund, which is administered by the State Investment Council.

**Bartlett Trust Fund** – The Cultural Affairs Department is the administrator of a trust fund that was privately endowed for the benefit of the Museum of International Folk Art.

**Children’s Trust Fund** - This fund accounts for a part of marriage license fees as well as private donations for the purpose of advocacy of children and prevention of child abuse and neglect.

**Children’s Trust Fund Next Generation** – This fund accumulates resources for programs that provide positive child and youth development activities.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

June 30, 2015

(In Thousands)

	Scholarship	Higher Education Savings	Water Trust
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 20	\$ 7,407	\$ 5,592
Investment in State General Fund Investment Pool	2,224	-	(0)
Investments:			
U.S. Gov't. and Agency Securities	-	-	-
International Securities	-	-	-
Corporate Equity Securities	-	-	-
Corporate and Municipal Bonds	-	-	-
Partnerships and Other Investments	-	2,359,589	-
Investment Pools	8,596	-	42,592
Receivables:			
Brokers	-	1,904	795
Accrued Interest and Other	-	1,557	91
	-	-	-
	-	-	-
Accounts Receivable	-	-	-
Other Receivables	0	2,364	-
<b>Total Assets</b>	<u>10,840</u>	<u>2,372,821</u>	<u>49,070</u>
<b>LIABILITIES</b>			
Accounts Payable	-	-	-
Accrued Liabilities	-	895	-
Due to Brokers	-	2,492	1,243
Other Liabilities	-	2,906	5
<b>Total Liabilities</b>	<u>-</u>	<u>6,293</u>	<u>1,248</u>
<b>NET POSITION</b>			
Held in Trust for Other Purposes	10,840	2,366,528	47,822
<b>Net Position</b>	<u>\$ 10,840</u>	<u>\$ 2,366,528</u>	<u>\$ 47,822</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

June 30, 2015

(In Thousands)

	Bartlett Trust	Children's Trust	Children's Trust Next Gen.	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 13,019
Investment in State General Fund Investment Pool	143	1,653	523	4,543
Investments:				
U.S. Gov't. and Agency Securities	-	-	-	-
International Securities	-	-	-	-
Corporate Equity Securities	-	-	-	-
Corporate and Municipal Bonds	-	-	-	-
Partnerships and Other Investments	-	-	-	2,359,589
Investment Pools	-	3,741	1,234	56,163
Receivables:				
Brokers	-	-	-	2,699
Accrued Interest and Other	-	-	-	1,648
	-	-	-	-
	-	-	-	-
Accounts Receivable	-	-	-	-
Other Receivables	0	22	9	2,395
<b>Total Assets</b>	<u>143</u>	<u>5,416</u>	<u>1,766</u>	<u>2,440,056</u>
<b>LIABILITIES</b>				
Accounts Payable	-	-	-	-
Accrued Liabilities	-	-	-	895
Due to Brokers	-	-	-	3,735
Other Liabilities	-	27	0	2,938
<b>Total Liabilities</b>	<u>-</u>	<u>27</u>	<u>0</u>	<u>7,568</u>
<b>NET POSITION</b>				
Held in Trust for Other Purposes	143	5,389	1,766	2,432,488
<b>Net Position</b>	<u>\$ 143</u>	<u>\$ 5,389</u>	<u>1,766</u>	<u>2,432,488</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS For the Year Ended June 30, 2015 (In Thousands)

	Scholarship	Higher Education Savings	Water Trust
<b>ADDITIONS</b>			
Member Contributions	\$ -	\$ 716,812	\$ -
Total Contributions	-	716,812	-
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(271)	32,518	722
Interest and Dividends	201	33,164	969
	(70)	65,682	1,691
Less Investment Expense	-	12,479	-
Net Investment Income	(70)	53,203	1,691
Other Additions:			
Other Operating Revenues	-	-	1
Total Other Additions	-	-	-
<b>Total Additions</b>	<b>(70)</b>	<b>770,015</b>	<b>1,692</b>
<b>DEDUCTIONS</b>			
Distributions	2,000	768,482	4,000
General and Administrative Expenses	29	-	21
<b>Total Deductions</b>	<b>2,029</b>	<b>768,482</b>	<b>4,021</b>
<b>Change in Net Position</b>	<b>(2,099)</b>	<b>1,533</b>	<b>(2,329)</b>
<b>Net Position - Beginning, as Restated</b>	<b>12,939</b>	<b>2,364,995</b>	<b>50,151</b>
<b>Net Position - Ending</b>	<b>\$ 10,840</b>	<b>\$ 2,366,528</b>	<b>\$ 47,822</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

For the Year Ended June 30, 2015

(In Thousands)

	Bartlett Trust	Children's Trust	Children's Trust Next Gen.	Total
<b>ADDITIONS</b>				
Member Contributions	\$ -	\$ -	\$ -	\$ 716,812
Total Contributions	-	-	-	716,812
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	-	0	19	32,988
Interest and Dividends	0	-	-	34,334
	0	0	19	67,322
Less Investment Expense	-	-	-	12,479
Net Investment Income	0	0	19	54,843
Other Additions:				
Other Operating Revenues	0	120	-	121
Total Other Additions	0	120	-	121
<b>Total Additions</b>	<b>0</b>	<b>120</b>	<b>19</b>	<b>771,776</b>
<b>DEDUCTIONS</b>				
Distributions	-	-	-	774,482
General and Administrative Expenses	15	-	-	65
<b>Total Deductions</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>774,547</b>
<b>Change in Net Position</b>	<b>(15)</b>	<b>120</b>	<b>19</b>	<b>(2,771)</b>
<b>Net Position - Beginning, as Restated</b>	<b>158</b>	<b>5,269</b>	<b>1,747</b>	<b>2,435,259</b>
<b>Net Position - Ending</b>	<b>\$ 143</b>	<b>\$ 5,389</b>	<b>\$ 1,766</b>	<b>\$ 2,432,488</b>

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# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES For the Year Ended June 30, 2015 (In Thousands)

**Agency Funds** – Agency funds report amounts that are held for other persons or governments in a fiduciary capacity before final distribution or resolution.

	Balance July 1, 2014 as Restated	Additions	Deletions	Balance June 30, 2015
<b>Assets</b>				
Cash and Cash Equivalents	\$ 503,738	\$ 43,027	\$ 47,611	\$ 499,154
Investment in State General Fund Investment Pool	1,143,838	12,699,989	12,814,309	1,029,518
Investment in Local Government Investment Pool	-	4,985	101	4,884
Investments	27,373	702	5,946	22,129
Due from Other Parties	92,361	83,379	113,354	62,386
Receivables, Net	1,209,022	1,185,070	1,265,503	1,128,589
<b>Total Assets</b>	<u>\$ 2,976,333</u>	<u>\$ 14,017,152</u>	<u>\$ 14,246,825</u>	<u>\$ 2,746,660</u>
<b>Liabilities</b>				
Accounts Payable	\$ 1,560	\$ 1,437,243	\$ 1,389,659	\$ 49,144
Accrued Liabilities	-	4,966	4,966	-
Due to Component Units	-	578,427	311,922	266,505
Due to Other Parties	1,651,814	3,102,969	3,575,648	1,179,135
Intergovernmental Payables	316,816	455,988	468,457	304,347
Deposits Held in Trust	896,957	23,867,838	23,921,135	843,660
Other Liabilities	109,186	45,350	50,667	103,869
<b>Total Liabilities</b>	<u>\$ 2,976,333</u>	<u>\$ 29,492,781</u>	<u>\$ 29,722,455</u>	<u>\$ 2,746,660</u>



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# STATISTICAL SECTION



SANDIA PEAK TRAMWAY, ALBUQUERQUE, NEW MEXICO  
SOURCE - SANDIAPEAK.COM/

# STATE OF NEW MEXICO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

### INDEX TO STATISTICAL SECTION

The Statistical Section provides additional historical context and detail to aid in using the information in the financial statements, notes to the financial statements and required supplementary information for the primary government of the State of New Mexico in understanding and assessing the State's overall financial health.

#### Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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#### Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

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# STATE OF NEW MEXICO

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State of New Mexico Comprehensive Annual Financial Report.

Note: The statements which comprise the Statistical Section have not been audited.

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# STATE OF NEW MEXICO

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012 as Restated	2011 as Restated
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 5,356,468	\$ 5,164,435	\$ 5,552,572	\$ 6,463,198	\$ 6,671,011
Restricted	12,658,737	6,925,810	4,774,368	5,542,541	5,685,913
Unrestricted	7,158,005	1,464,494	2,417,608	450,731	261,333
<b>Total Governmental Activities Net Position</b>	<b>\$ 25,173,210</b>	<b>\$ 13,554,739</b>	<b>\$ 12,744,548</b>	<b>\$ 12,456,470</b>	<b>\$ 12,618,257</b>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 1,589,677	\$ 1,517,364	\$ 1,507,921	\$ 1,488,738	\$ 1,491,224
Restricted	987,021	2,919,494	2,143,068	1,471,752	1,978,206
Unrestricted	(827,718)	139,334	697,511	1,256,024	767,876
<b>Total Business-type Activities Net Position</b>	<b>\$ 1,748,980</b>	<b>\$ 4,576,192</b>	<b>\$ 4,348,500</b>	<b>\$ 4,216,514</b>	<b>\$ 4,237,306</b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 6,946,145	\$ 6,681,799	\$ 7,060,493	\$ 7,951,936	\$ 8,162,235
Restricted	13,645,758	9,845,304	6,917,436	7,014,293	7,664,119
Unrestricted	6,330,287	1,603,828	3,115,119	1,706,755	1,029,209
<b>Total Primary Government Net Position</b>	<b>\$ 26,922,190</b>	<b>\$ 18,130,931</b>	<b>\$ 17,093,048</b>	<b>\$ 16,672,984</b>	<b>\$ 16,855,563</b>

**SCHEDULE A-1**

(Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007	2006
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 6,994,968	\$ 6,995,306	\$ 6,204,269	\$ 5,516,914	\$ 5,724,003
Restricted	4,868,634	4,530,761	7,558,292	8,828,955	6,427,635
Unrestricted	(108,104)	606,498	486,879	214,145	752,605
<b>Total Governmental Activities Net Position</b>	<u>\$ 11,755,498</u>	<u>\$ 12,132,565</u>	<u>\$ 14,249,440</u>	<u>\$ 14,560,014</u>	<u>\$ 12,904,243</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 1,453,705	\$ 1,381,260	\$ 1,090,692	\$ 940,608	\$ 945,940
Restricted	1,841,424	1,853,252	2,610,808	2,422,434	2,145,306
Unrestricted	731,394	659,451	471,516	657,530	489,752
<b>Total Business-type Activities Net Position</b>	<u>\$ 4,026,523</u>	<u>\$ 3,893,963</u>	<u>\$ 4,173,016</u>	<u>\$ 4,020,572</u>	<u>\$ 3,580,998</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 8,448,673	\$ 8,376,566	\$ 7,294,961	\$ 6,457,522	\$ 6,669,943
Restricted	6,710,058	6,384,013	10,169,100	11,251,389	8,572,941
Unrestricted	623,290	1,265,949	958,395	871,675	1,242,357
<b>Total Primary Government Net Position</b>	<u>\$ 15,782,021</u>	<u>\$ 16,026,528</u>	<u>\$ 18,422,456</u>	<u>\$ 18,580,586</u>	<u>\$ 16,485,241</u>

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>Program Expenses</b>					
Governmental Activities:					
General Control	\$ 993,220	\$ 918,870	\$ 1,254,250	\$ 1,311,355	\$ 1,217,362
Culture, Recreation, and Natural Resources	203,319	228,000	187,209	308,748	226,366
Highway and Transportation	1,051,567	1,230,707	1,023,696	945,406	905,469
Judicial	255,761	242,449	235,363	230,465	237,705
Legislative	29,626	23,751	25,774	24,047	26,147
Public Safety	480,286	457,119	469,359	441,675	449,734
Regulation and Licensing	126,917	112,770	104,919	145,748	105,199
Health and Human Services	7,401,005	6,284,737	5,777,302	5,603,724	5,631,423
Education	4,024,669	3,223,837	3,215,643	3,117,733	3,180,978
Unemployment Benefits	-	-	-	-	15,809
Interest	131,154	127,001	110,413	119,779	154,043
Special Items	977				
State General Fund Investment Pool		-	-	101,735	-
Indian Water Settlement	15,561	-	-	91,400	-
<b>Total Governmental Activities Expenses</b>	<u>14,714,062</u>	<u>12,849,241</u>	<u>12,403,928</u>	<u>12,441,815</u>	<u>12,150,235</u>
Business-type Activities:					
Educational Institutions	3,041,713	2,901,959	2,845,355	2,768,492	2,761,289
Public Schools Insurance	363,373	349,589	331,783	322,904	320,762
Environmental Loans	441	294	673	874	14,908
Lottery			-	-	-
Miners' Colfax Medical Center	24,967	29,650	23,229	22,608	24,706
Unemployment Insurance	193,479	261,763	356,558	546,600	742,883
State Fair	15,417	14,671	14,613	16,115	16,031
Other Business-type Activities	18,199	11,409	9,934	10,387	11,988
<b>Total Business-type Activity Expenses</b>	<u>3,657,589</u>	<u>3,569,335</u>	<u>3,582,145</u>	<u>3,687,980</u>	<u>3,892,567</u>
<b>Total Primary Government Expenses</b>	<u>\$ 18,371,651</u>	<u>\$ 16,418,576</u>	<u>\$ 15,986,073</u>	<u>\$ 16,129,795</u>	<u>\$ 16,042,802</u>

# In fiscal year 2011, the New Mexico Lottery Authority was determined to be a discrete component unit. Prior to fiscal year 2011, the New Mexico Lottery Authority was considered to be a blended component unit and was presented as a nonmajor proprietary fund.

+In 2010, the President of the United States signed into law the American Recovery and Reinvestment Act (ARRA) of 2010. The State accounts for all ARRA revenue and expenditures under fund 89000, which is classified as a special revenue fund. Under ARRA, the State received federal unemployment monies that were accounted for in fund 89000. The Unemployment expenditures reported in the governmental activities represent funds from ARRA.

\*In fiscal year 2006, the Unemployment fund was determined to be a nonmajor propriety fund.



## SCHEDULE A-2

(Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007 as Restated	2006 as Restated
<b>Program Expenses</b>					
Governmental Activities:					
General Control	\$ 1,197,734	\$ 1,313,985	\$ 1,020,981	\$ 921,198	\$ 869,013
Culture, Recreation, and Natural Resources	227,367	216,328	215,727	263,457	202,330
Highway and Transportation	1,007,714	939,111	999,407	1,126,085	1,027,618
Judicial	244,824	252,343	231,571	215,954	194,452
Legislative	25,474	27,766	22,236	22,079	14,052
Public Safety	456,583	505,599	453,297	451,320	390,557
Regulation and Licensing	117,728	132,021	119,865	115,717	97,956
Health and Human Services	5,995,540	5,297,968	4,854,810	4,471,413	4,055,602
Education	3,325,810	3,277,536	3,221,028	2,987,212	2,902,753
Unemployment Benefits	11,537	1,986	-	-	-
Interest	130,997	117,338	175,364	547,366	92,505
Special Items					
State General Fund Investment Pool	-	-	-	-	-
Indian Water Settlement	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<u>12,741,308</u>	<u>12,081,981</u>	<u>11,314,286</u>	<u>11,121,801</u>	<u>9,846,838</u>
Business-type Activities:					
Educational Institutions	2,678,999	2,668,110	2,921,387	2,273,301	2,142,898
Public Schools Insurance	298,852	334,740	309,955	283,995	259,513
Environmental Loans	7,581	863	8,433	429	565
Lottery	99,997	101,750	106,997	113,963	113,721
Miners' Colfax Medical Center	24,896	26,908	24,459	19,477	21,511
Unemployment Insurance	781,494	368,957	159,776	120,931	109,936
State Fair	18,916	20,025	19,381	17,626	17,639
Other Business-type Activities	8,726	9,909	10,347	9,643	10,154
<b>Total Business-type Activity Expenses</b>	<u>3,919,461</u>	<u>3,531,262</u>	<u>3,560,735</u>	<u>2,839,365</u>	<u>2,675,937</u>
<b>Total Primary Government Expenses</b>	<u>\$ 16,660,769</u>	<u>\$ 15,613,243</u>	<u>\$ 14,875,021</u>	<u>\$ 13,961,166</u>	<u>\$ 12,522,775</u>

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Control	\$ 1,880,869	\$ 796,337	\$ 784,337	\$ 305,992	\$ 187,280
Culture, Recreation, and Natural Resources	59,392	94,694	89,063	134,163	125,711
Highway and Transportation	105,215	301,126	185,593	268,612	272,038
Judicial	6,243	5,040	109,660	177,156	151,097
Legislative	-	-	-	-	-
Public Safety	9,162	26,711	263,568	363,078	355,965
Regulation and Licensing	45,558	75,308	65,646	95,278	138,848
Health and Human Services	135,431	365,016	133,060	167,230	275,408
Education	8,726	7,535	5,329	4,899	6,252
Operating Grants and Contributions	6,356,248	4,932,895	4,777,647	4,578,609	5,220,477
Capital Grants and Contributions	-	400,212	210,500	447,962	369,813
<b>Total Governmental Activities</b>					
<b>Program Revenues</b>	<u>8,606,844</u>	<u>7,004,874</u>	<u>6,624,403</u>	<u>6,542,979</u>	<u>7,102,889</u>
Business-type Activities:					
Charges for Services					
Educational Institutions	1,567,129	1,380,232	1,359,675	1,289,871	1,169,885
Public Schools Insurance	351,731	342,725	321,549	322,593	326,622
Lottery	-	-	-	-	-
Environmental Loans	-	3,905	4,423	4,384	4,215
Miners' Colfax Medical Center	17,450	25,025	21,784	23,455	22,442
Unemployment Insurance	-	215,699	223,057	216,824	-
State Fair	11,556	12,142	12,142	13,831	11,983
Other Business-type Activities	16,304	10,523	10,562	10,260	11,218
Nonmajor Enterprise Funds					
Operating Grants and Contributions	627,067	771,706	751,861	1,041,706	1,306,820
Capital Grants and Contributions	12,524	25,541	8,392	16,132	998
<b>Total Business-type Activities</b>	<u>2,603,761</u>	<u>2,787,498</u>	<u>2,713,445</u>	<u>2,939,056</u>	<u>2,854,183</u>
<b>Total Primary Government</b>					
<b>Program Revenues</b>	<u>\$ 11,210,605</u>	<u>\$ 9,792,372</u>	<u>\$ 9,337,848</u>	<u>\$ 9,482,035</u>	<u>\$ 9,957,072</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (6,107,218)	\$ (5,844,367)	\$ (5,779,525)	\$ (5,898,836)	\$ (5,047,346)
Business-type Activities	<u>(1,053,828)</u>	<u>(781,837)</u>	<u>(868,700)</u>	<u>(748,924)</u>	<u>(1,038,384)</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (7,161,046)</u>	<u>\$ (6,626,204)</u>	<u>\$ (6,648,225)</u>	<u>\$ (6,647,760)</u>	<u>\$ (6,085,730)</u>

# In fiscal year 2011, the New Mexico Lottery Authority was determined to be a discrete component unit. Prior to fiscal year 2011, the New Mexico Lottery Authority was considered to be a blended component unit and was presented as a nonmajor proprietary fund.

## SCHEDULE A-2 (CONTINUED)

(Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007 as Restated	2006 as Restated
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Control	\$ 196,030	\$ 246,637	\$ 381,779	\$ 804,054	\$ 865,759
Culture, Recreation, and Natural Resources	151,080	174,137	160,091	101,262	109,033
Highway and Transportation	78,887	162,366	146,165	24,988	26,906
Judicial	172,084	206,442	167,600	5,555	5,981
Legislative	-	-	-	-	-
Public Safety	328,297	494,388	409,075	50,527	54,404
Regulation and Licensing	90,715	110,738	107,218	62,983	67,816
Health and Human Services	361,077	101,945	86,810	73,499	79,139
Education	279	2,071	1,170	82,553	88,888
Operating Grants and Contributions	5,331,479	4,272,942	3,715,696	3,416,802	3,283,620
Capital Grants and Contributions	376,259	388,792	311,661	290,317	323,013
<b>Total Governmental Activities</b>					
<b>Program Revenues</b>	<u>7,086,187</u>	<u>6,160,458</u>	<u>5,487,265</u>	<u>4,912,540</u>	<u>4,904,559</u>
Business-type Activities:					
Charges for Services					
Educational Institutions	1,116,796	1,104,240	997,629	768,176	1,316,416
Public Schools Insurance	322,741	320,132	293,758	288,168	260,972
Lottery	143,539	142,316	147,152	148,080	150,043
Environmental Loans	-	-	-	69	155
Miners' Colfax Medical Center	20,588	15,650	15,022	16,720	19,265
Unemployment Insurance	-	35	-	103,718	94,289
State Fair	13,859	14,489	12,763	15,632	15,892
Other Business-type Activities	11,883	8,812	9,312	8,955	9,364
Nonmajor Enterprise Funds					
Operating Grants and Contributions	1,188,887	692,833	454,131	650,982	120,205
Capital Grants and Contributions	26,966	29,682	73,918	99,347	28,934
<b>Total Business-type Activities</b>	<u>2,845,259</u>	<u>2,328,189</u>	<u>2,003,685</u>	<u>2,099,847</u>	<u>2,015,535</u>
<b>Total Primary Government</b>					
<b>Program Revenues</b>	<u>\$ 9,931,446</u>	<u>\$ 8,488,647</u>	<u>\$ 7,490,950</u>	<u>\$ 7,012,387</u>	<u>\$ 6,920,094</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (5,655,121)	\$ (5,921,523)	\$ (5,827,021)	\$ (6,209,261)	\$ (4,942,279)
Business-type Activities	<u>(1,074,202)</u>	<u>(1,203,073)</u>	<u>(1,557,050)</u>	<u>(739,518)</u>	<u>(660,402)</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (6,729,323)</u>	<u>\$ (7,124,596)</u>	<u>\$ (7,384,071)</u>	<u>\$ (6,948,779)</u>	<u>\$ (5,602,681)</u>

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Individual Income Tax	\$ 1,451,288	\$ 1,236,674	\$ 1,236,015	\$ 1,189,273	\$ 1,088,300
Corporate Income Tax	262,600	196,762	277,029	270,118	238,452
Sales and Use Tax	4,238,670	2,133,540	1,985,601	522,847	444,717
Other	33,424	2,048,944	1,736,620	3,362,391	3,145,105
Investment Income	1,212,060	1,351,182	1,208,035	708,673	1,618,785
Other Revenue (Expense)	129,035	355,202	271,525	304,819	103,917
Special Item - Potential Loss SGFIP	100,000	(30,000)	-	-	-
Special Item - AZ Water Settlement	9,040	-	-	-	-
Transfers	(797,559)	(687,979)	(647,222)	(544,880)	(704,549)
<b>Total Governmental Activities</b>	<b>6,638,558</b>	<b>6,604,325</b>	<b>6,067,603</b>	<b>5,813,241</b>	<b>5,934,727</b>
Business-type Activities:					
Taxes					
Other Taxes	269,593	-	-	-	207,140
Investment Income (Loss)	9,292	220,411	214,413	70,774	261,972
Other Revenue	244,201	140,737	139,051	27,713	75,506
Transfers	797,559	687,979	647,222	629,645	704,549
<b>Total Business-type Activities</b>	<b>1,320,646</b>	<b>1,049,127</b>	<b>1,000,686</b>	<b>728,132</b>	<b>1,249,167</b>
<b>Total Primary Government</b>	<b>\$ 7,959,204</b>	<b>\$ 7,653,452</b>	<b>\$ 7,068,289</b>	<b>\$ 6,541,373</b>	<b>\$ 7,183,894</b>
<b>Change in Net Position</b>					
Governmental Activities	531,341	759,958	288,078	(85,595)	887,381
Business-type Activities	266,817	267,290	131,986	(20,792)	210,783
<b>Total Primary Government</b>	<b>\$ 798,158</b>	<b>\$ 1,027,248</b>	<b>\$ 420,064</b>	<b>\$ (106,387)</b>	<b>\$ 1,098,164</b>

## SCHEDULE A-2 (CONTINUED)

(Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007 as Restated	2006 as Restated
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Individual Income Tax	\$ 956,560	\$ 918,090	\$ 1,618,406	\$ 1,520,214	\$ 1,543,262
Corporate Income Tax	125,101	192,487	403,525	453,857	374,957
Sales and Use Tax	737,996	1,831,946	397,894	403,909	388,739
Other	2,547,648	1,864,838	3,358,466	2,993,233	2,401,213
Investment Income	1,252,935	(373,965)	595,463	1,622,183	1,203,881
Other Revenue (Expense)	183,159	134,477	(114,555)	276,242	(264,596)
Special Item - Potential Loss SGFIP	-	-	-	-	-
Special Item - AZ Water Settlement	-	-	-	-	-
Transfers	(723,795)	(763,662)	(692,490)	(560,187)	(533,035)
<b>Total Governmental Activities</b>	<u>5,079,604</u>	<u>3,804,211</u>	<u>5,566,709</u>	<u>6,709,451</u>	<u>5,114,421</u>
Business-type Activities:					
Taxes					
Other Taxes	188,465	193,380	-	-	-
Investment Income (Loss)	220,917	(188,463)	170,050	318,922	129,014
Other Revenue	103,066	93,204	424,018	299,983	259,303
Transfers	723,795	763,662	692,490	560,187	533,035
<b>Total Business-type Activities</b>	<u>1,236,243</u>	<u>861,783</u>	<u>1,286,558</u>	<u>1,179,092</u>	<u>921,352</u>
<b>Total Primary Government</b>	<u>\$ 6,315,847</u>	<u>\$ 4,665,994</u>	<u>\$ 6,853,267</u>	<u>\$ 7,888,543</u>	<u>\$ 6,035,773</u>
<b>Change in Net Position</b>					
Governmental Activities	(575,517)	(2,117,312)	(260,312)	500,190	172,142
Business-type Activities	162,041	(341,290)	(270,492)	439,574	260,950
<b>Total Primary Government</b>	<u>\$ (413,476)</u>	<u>\$ (2,458,602)</u>	<u>\$ (530,804)</u>	<u>\$ 939,764</u>	<u>\$ 433,092</u>

# STATE OF NEW MEXICO

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011 as Restated
<b>General Fund</b>					
Nonspendable	\$ 52,433	\$ 54,809	\$ 5,968	\$ 6,157	\$ 8,636
Restricted	916,201	864,359	67,315	194,988	237,097
Committed	695,182	220,535	23,159	10,082	56,219
Assigned	16,395	9,881	488	293	7,866
Unassigned	189,932	626,317	769,738	604,813	310,765
<b>Total General Fund</b>	<b>\$ 1,870,143</b>	<b>\$ 1,775,901</b>	<b>\$ 866,668</b>	<b>\$ 816,333</b>	<b>\$ 620,583</b>
<b>All Other Governmental Funds</b>					
Post-GASB 54 Implementation					
Nonspendable	10,000,000	5,687,834	5,006,506	4,651,829	4,755,242
Restricted	10,987,672	318,808	540,063	821,792	752,599
Committed	10,758	1,190,318	1,413,633	1,320,787	1,497,949
Assigned	-	-	989	-	3,745
Unassigned (Deficit)	-	-	18,242	(43,407)	(190,255)
<b>Total All Other Governmental Funds</b>	<b>\$ 20,998,430</b>	<b>\$ 7,196,960</b>	<b>\$ 6,979,433</b>	<b>\$ 6,751,001</b>	<b>\$ 6,819,280</b>
<b>All Governmental Funds</b>					
Post-GASB 54 Implementation					
Nonspendable	\$ 10,052,433	\$ 5,742,643	\$ 5,012,474	\$ 4,657,986	\$ 4,763,878
Restricted	11,903,872	1,183,167	607,378	1,016,780	989,696
Committed	705,940	1,410,853	1,436,792	1,330,869	1,554,168
Assigned	16,395	9,881	1,477	293	11,611
Unassigned (Deficit)	189,932	626,317	787,980	561,406	120,510
<b>Total All Governmental Funds</b>	<b>\$ 22,868,573</b>	<b>\$ 8,972,861</b>	<b>\$ 7,846,101</b>	<b>\$ 7,567,334</b>	<b>\$ 7,439,863</b>

## SCHEDULE A-3

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007	2006
General Fund					
Nondisposable	\$ 7,549	\$ -	\$ -	\$ -	\$ -
Restricted	184,417	-	-	-	-
Committed	15,562	-	-	-	-
Assigned	2,790	-	-	-	-
Unassigned	177,521	-	-	-	-
<b>Total General Fund</b>	<b>\$ 387,839</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All Other Governmental Funds					
Post-GASB 54 Implementation					
Nondisposable	4,049,274	-	-	-	-
Restricted	311,917	-	-	-	-
Committed	2,039,275	-	-	-	-
Assigned	4,997	-	-	-	-
Unassigned (Deficit)	(63,938)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 6,341,525</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
All Governmental Funds					
Post-GASB 54 Implementation					
Nondisposable	\$ 4,056,823	\$ -	\$ -	\$ -	\$ -
Restricted	496,334	-	-	-	-
Committed	2,054,837	-	-	-	-
Assigned	7,787	-	-	-	-
Unassigned (Deficit)	113,583	-	-	-	-
<b>Total All Governmental Funds</b>	<b>\$ 6,729,364</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# STATE OF NEW MEXICO

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011 as Restated
<b>Revenues</b>					
Taxes	\$ 5,923,849	\$ 5,626,421	\$ 5,235,786	\$ 5,321,538	\$ 4,926,279
Licenses, Fees, and Permits	295,282	364,594	364,371	361,671	356,897
Interest and Other Investment Income (Loss)	1,211,998	1,521,022	1,247,937	708,470	1,618,502
Rentals and Royalties	1,281,002	647,438	568,227	651,576	479,546
Charges for Services	124,674	162,757	160,931	155,089	212,816
Federal	6,363,684	5,338,059	4,981,084	5,035,279	5,558,515
Other Revenues	202,935	363,411	332,323	212,326	135,360
<b>Total Revenues</b>	<b>15,403,424</b>	<b>14,023,702</b>	<b>12,890,659</b>	<b>12,445,949</b>	<b>13,287,915</b>
<b>Expenditures</b>					
Current:					
General Control	487,468	403,590	494,668	413,807	376,279
Culture, Recreation, and Natural Resources	210,368	185,317	193,639	223,858	211,032
Highways and Transportation	462,267	591,824	398,836	330,574	307,454
Judicial	250,360	236,575	229,405	223,942	232,136
Legislative	27,696	21,810	23,954	22,381	24,651
Public Safety	470,406	440,897	454,250	428,331	437,529
Regulation and Licensing	121,567	108,442	101,355	108,457	99,528
Health and Human Services	7,355,734	6,270,002	5,756,574	5,625,669	5,623,871
Education	4,025,301	3,220,213	3,214,923	3,117,042	3,180,447
Unemployment Benefits	-	-	-	-	15,809
Land Grant	-	-	37,757	45,005	1,132
Severance Tax	-	183,216	176,173	183,423	8,318
Capital Outlay	444,308	507,435	583,782	612,156	721,706
Debt Service:					
Interest	128,196	150,738	130,755	249,345	227,115
Principal	284,766	407,074	317,991	139,847	347,486
Bond Issuance Costs	-	-	-	204	10,225
Provision for Potential Loss in the State General Fund Investment Pool	-	-	-	101,735	-
<b>Total Expenditures</b>	<b>14,268,437</b>	<b>12,727,133</b>	<b>12,114,062</b>	<b>11,825,776</b>	<b>11,824,718</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,134,987</b>	<b>1,296,569</b>	<b>776,597</b>	<b>620,173</b>	<b>1,463,197</b>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	141,635	371,440	137,220	105,780	39,205
Bond Premium	43,146	50,051	45,400	27,668	129,344
Note Proceeds	-	-	-	-	2,025
Refunding Bond Issue	79,405	-	220,400	75,715	776,220
Payment to Refunded Bond Escrow Agent	(96,083)	-	(261,769)	(88,898)	(668,590)
Proceeds from the Sale of Capital Assets	1,136	2,053	1,950	5,208	1,420
Nonoperating Revenues (Expenditures)	-	-	(5,211)	-	-
Operating Transfers In	7,233,253	6,789,132	6,135,227	6,414,978	6,611,286
Operating Transfers Out	(8,035,458)	(7,483,788)	(6,774,851)	(7,033,153)	(7,643,610)
<b>Total Other Financing Sources (Uses)</b>	<b>(632,966)</b>	<b>(271,112)</b>	<b>(501,634)</b>	<b>(492,702)</b>	<b>(752,700)</b>
<b>Special Item</b>					
Special Items	93,479	(30,000)	-	-	-
<b>Total Special Items</b>	<b>93,479</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Financing and Special Items</b>	<b>(539,487)</b>	<b>(301,112)</b>	<b>(501,634)</b>	<b>(492,702)</b>	<b>(752,700)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 595,500</b>	<b>\$ 995,457</b>	<b>\$ 274,963</b>	<b>\$ 127,471</b>	<b>\$ 710,497</b>
Debt Service as a Percentage of Noncapital Expenditures	3.0%	4.6%	3.9%	3.5%	5.2%



## SCHEDULE A-4

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007	2006
<b>Revenues</b>					
Taxes	\$ 4,407,236	\$ 4,769,862	\$ 5,778,291	\$ 5,360,317	\$ 4,701,612
Licenses, Fees, and Permits	212,328	288,697	218,066	202,897	212,590
Interest and Other Investment Income (Loss)	1,252,709	(375,149)	572,015	1,617,035	1,200,119
Rentals and Royalties	445,547	654,578	730,175	571,919	623,131
Charges for Services	241,411	69,934	66,159	57,883	151,759
Federal	5,722,781	4,661,734	4,027,357	3,708,912	3,606,240
Other Revenues	179,906	129,301	224,605	148,132	220,093
<b>Total Revenues</b>	<b>12,461,918</b>	<b>10,198,957</b>	<b>11,616,668</b>	<b>11,667,095</b>	<b>10,715,544</b>
<b>Expenditures</b>					
Current:					
General Control	421,810	430,195	592,814	546,890	488,674
Culture, Recreation, and Natural Resources	210,552	200,747	201,324	249,460	190,662
Highways and Transportation	429,522	372,406	409,321	623,619	515,262
Judicial	238,608	246,565	226,465	209,601	188,703
Legislative	24,128	26,401	20,876	20,564	13,940
Public Safety	442,777	485,937	438,744	437,857	373,973
Regulation and Licensing	110,411	129,504	118,611	112,887	96,071
Health and Human Services	5,907,586	5,291,005	4,851,140	4,527,036	4,043,961
Education	3,325,183	3,276,575	3,214,688	3,083,174	2,901,712
Unemployment Benefits	11,537	1,986	-	-	-
Land Grant	1,673	-	-	-	-
Severance Tax	2,772	-	-	-	-
Capital Outlay	710,727	864,676	727,171	502,040	491,493
Debt Service:					
Interest	139,666	113,284	171,673	547,366	92,556
Principal	332,447	230,504	175,043	903,289	1,106,838
Bond Issuance Costs	7,023	984	932	397	445
Provision for Potential Loss in the State General Fund Investment Pool	-	-	-	-	-
<b>Total Expenditures</b>	<b>12,316,422</b>	<b>11,670,769</b>	<b>11,148,802</b>	<b>11,764,180</b>	<b>10,504,290</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>145,496</b>	<b>(1,471,812)</b>	<b>467,866</b>	<b>(97,085)</b>	<b>211,254</b>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	432,693	196,330	220,270	1,468,650	795,012
Bond Premium	56,025	28,082	9,120	-	-
Note Proceeds	80,534	-	-	-	-
Refunding Bond Issue	174,990	-	490,950	-	-
Payment to Refunded Bond Escrow Agent	(72,570)	(95,290)	(498,480)	-	-
Proceeds from the Sale of Capital Assets	1,154	-	-	-	-
Nonoperating Revenues (Expenditures)	-	-	-	137,964	6,885
Operating Transfers In	7,418,136	8,119,988	7,191,186	6,179,320	5,888,308
Operating Transfers Out	(8,336,960)	(9,269,658)	(7,906,532)	(6,746,776)	(6,425,666)
<b>Total Other Financing Sources (Uses)</b>	<b>(245,998)</b>	<b>(1,020,548)</b>	<b>(493,486)</b>	<b>1,039,158</b>	<b>264,539</b>
<b>Special Item</b>					
Special Items	-	-	-	-	-
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Financing and Special Items</b>	<b>(245,998)</b>	<b>(1,020,548)</b>	<b>(493,486)</b>	<b>1,039,158</b>	<b>264,539</b>
<b>Net Change in Fund Balances</b>	<b>\$ (100,502)</b>	<b>\$ (2,492,360)</b>	<b>\$ (25,620)</b>	<b>\$ 942,073</b>	<b>\$ 475,793</b>
Debt Service as a Percentage of Noncapital Expenditures	4.1%	3.2%	3.3%	12.9%	12.0%

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>REVENUES</b>					
<b>Taxes and License Fees</b>					
General and Selective Sales Taxes:					
Gross Receipts	\$ 2,095,153	\$ 1,992,035	\$ 1,917,660	\$ 1,928,469	\$ 1,822,457
Compensating	71,840	78,271	50,911	62,066	69,135
Tobacco (Luxury)	82,348	78,479	86,058	85,360	88,158
Alcoholic Beverage	26,263	26,357	26,240	26,129	25,673
Insurance	189,953	115,067	107,520	114,076	132,659
Fire Protection	15,156	16,082	18,316	18,812	17,583
Racing	670	821	942	852	413
Private Car	660	620	563	553	480
Motor Vehicle and Other Excise Tax	138,701	133,275	125,504	114,707	103,653
Gaming Tax	70,409	66,455	63,073	65,527	65,787
Leased Vehicles Gross Receipts and Surcharge	5,236	5,204	5,125	5,366	5,047
Gasoline Tax	(1,152)	1,227	(4,516)	5,539	792
Telecommunications Relay Surcharge	123	86	91	98	121
Boat Excise Tax	184	184	257	453	494
Franchise Receipts	-	99	4	19	73
<b>Total General and Selective Sales Tax</b>	<u>2,695,544</u>	<u>2,514,262</u>	<u>2,397,748</u>	<u>2,428,026</u>	<u>2,332,525</u>
<b>Income Taxes</b>					
Gross Withholding	1,179,123	1,116,249	1,077,952	1,151,866	1,042,323
Final Settlements	535,298	506,245	517,862	355,734	382,690
Less:					
Transfer - Retiree Health Care	(26,678)	(24,141)	(21,876)	(19,853)	(18,047)
Transfer - PIT Suspense and Others	(355,541)	(351,365)	(340,381)	(346,289)	(352,633)
Refunds - TAA Suspense	-	-	-	-	-
Net Personal Income Taxes	<u>1,332,202</u>	<u>1,246,988</u>	<u>1,233,557</u>	<u>1,141,458</u>	<u>1,054,333</u>
Corporate Taxes	254,477	196,762	267,157	281,047	229,818
Less Refunds	-	-	-	-	-
Net Corporate Income Taxes	<u>254,477</u>	<u>196,762</u>	<u>267,157</u>	<u>281,047</u>	<u>229,818</u>
Estate Taxes	1	32	-	-	12
Fiduciary Taxes	7,510	7,951	7,388	9,011	42,589
<b>Total Income Taxes</b>	<u>1,594,190</u>	<u>1,451,733</u>	<u>1,508,102</u>	<u>1,431,516</u>	<u>1,326,752</u>
<b>Severance Taxes</b>					
Oil and Gas School Tax	375,423	500,659	379,899	399,589	376,104
7% Oil Conservation	20,091	27,244	20,775	21,452	19,371
Resources Excise	13,345	13,013	13,486	12,018	10,139
Natural Gas Processors	18,594	16,197	24,197	23,343	18,182
<b>Total Severance Taxes</b>	<u>427,453</u>	<u>557,113</u>	<u>438,357</u>	<u>456,402</u>	<u>423,796</u>
<b>Total Taxes</b>	<u>4,717,187</u>	<u>4,523,108</u>	<u>4,344,207</u>	<u>4,315,944</u>	<u>4,083,073</u>

**SCHEDULE B-1**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>					
<b>Taxes and License Fees</b>					
General and Selective Sales Taxes:					
Gross Receipts	\$ 1,634,367	\$ 1,831,946	\$ 1,835,572	\$ 1,840,489	\$ 1,689,838
Compensating	50,935	69,947	63,778	61,352	51,835
Tobacco (Luxury)	45,731	49,580	48,115	46,775	48,405
Alcoholic Beverage	25,593	25,837	25,093	26,726	29,340
Insurance	130,347	121,893	109,825	108,044	103,081
Fire Protection	4,995	30,809	21,109	19,929	24,589
Racing	564	614	660	1,378	362
Private Car	382	532	936	384	411
Motor Vehicle and Other Excise Tax	92,264	100,497	127,622	131,254	121,870
Gaming Tax	65,116	69,207	56,149	70,893	56,677
Leased Vehicles Gross Receipts and Surcharge	5,663	4,901	7,541	6,036	19,948
Gasoline Tax	1,472	(1,241)	1,957	410	-
Telecommunications Relay Surcharge	114	104	104	101	99
Boat Excise Tax	543	534	652	751	581
Franchise Receipts	88	112	152	22	33
<b>Total General and Selective Sales Tax</b>	<b>2,058,174</b>	<b>2,305,272</b>	<b>2,299,265</b>	<b>2,314,544</b>	<b>2,147,069</b>
<b>Income Taxes</b>					
Gross Withholding	1,020,104	982,766	1,014,975	972,374	942,470
Final Settlements	337,782	387,901	546,498	516,122	471,952
Less:					
Transfer - Retiree Health Care	(15,935)	(14,996)	(15,704)	(9,647)	(8,453)
Transfer - PIT Suspense and Others	(384,055)	(450,902)	(344,184)	(299,375)	(373,974)
Refunds - TAA Suspense	-	(365)	(16,206)	(7,868)	(13,784)
Net Personal Income Taxes	957,896	904,404	1,185,379	1,171,606	1,018,211
Corporate Taxes	125,101	253,345	479,447	498,413	410,377
Less Refunds	-	(60,858)	(75,922)	(38,533)	(33,192)
Net Corporate Income Taxes	125,101	192,487	403,525	459,880	377,185
Estate Taxes	(1)	36	40	78	3,138
Fiduciary Taxes	(1,336)	13,650	13,011	8,597	12,960
<b>Total Income Taxes</b>	<b>1,081,660</b>	<b>1,110,577</b>	<b>1,601,955</b>	<b>1,640,161</b>	<b>1,411,494</b>
<b>Severance Taxes</b>					
Oil and Gas School Tax	324,544	370,354	557,332	420,254	483,240
7% Oil Conservation	16,353	18,260	24,065	19,916	22,564
Resources Excise	9,368	11,237	11,641	10,767	9,151
Natural Gas Processors	40,437	40,341	30,618	35,627	26,841
<b>Total Severance Taxes</b>	<b>390,702</b>	<b>440,192</b>	<b>623,656</b>	<b>486,564</b>	<b>541,796</b>
<b>Total Taxes</b>	<b>3,530,536</b>	<b>3,856,041</b>	<b>4,524,876</b>	<b>4,441,269</b>	<b>4,100,359</b>

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>REVENUES (CONTINUED)</b>					
<b>Taxes and License Fees (Continued)</b>					
<b>License Fees</b>					
Manufactured Housing	\$ 753	\$ 357	\$ 336	\$ 420	\$ 549
Corporate Filing	4,020	4,262	3,151	2,864	2,850
Alcoholic Beverages and Gaming	3,931	3,770	4,544	3,856	3,840
Financial Institutions	3,556	3,195	3,107	2,917	3,109
Corporate Special	3,308	3,672	3,963	4,096	1,125
Construction Industries	6,199	3,902	4,034	5,052	5,682
Gaming License and Permit Fees	416	373	362	392	262
Securities Receipts	21,267	20,201	19,065	18,765	18,374
Public Utilities	12,129	11,759	11,275	11,056	13,734
Health Facilities Fees	-	-	-	-	-
Pipeline Fees	196	65	50	41	74
Motor Vehicles Miscellaneous Fees	100	111	125	136	150
Drivers Training Fees	-	-	-	-	-
State Engineers Fees	-	-	-	-	-
<b>Total License Fees</b>	<u>55,875</u>	<u>51,667</u>	<u>50,012</u>	<u>49,595</u>	<u>49,749</u>
<b>Total Taxes and License Fees</b>	<u>4,773,062</u>	<u>4,574,775</u>	<u>4,394,219</u>	<u>4,365,539</u>	<u>4,132,822</u>
<b>Other Revenue Sources</b>					
<b>Investment Income</b>					
State Land Grant Permanent Fund Income	502,757	449,382	440,876	461,737	446,227
Earnings on State Balances	24,160	42,293	35,925	17,618	17,633
Severance Tax Permanent Fund Earnings	182,723	170,473	176,173	183,424	184,571
<b>Total Interest Earnings</b>	<u>709,640</u>	<u>662,148</u>	<u>652,974</u>	<u>662,779</u>	<u>648,431</u>
<b>Rents and Royalties</b>					
Federal Mineral Leasing	42,235	569,860	459,631	502,574	411,819
Land Office	542,184	47,481	44,632	92,508	65,620
<b>Total Rents and Royalties</b>	<u>584,419</u>	<u>617,341</u>	<u>504,263</u>	<u>595,082</u>	<u>477,439</u>

Source: General Fund Financial Audit (30600) – Schedule of Revenue by Source  
Department of Finance and Administration General Fund Report

**SCHEDULE B-1 (CONTINUED)**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>REVENUES (CONTINUED)</b>					
<b>Taxes and License Fees (Continued)</b>					
<b>License Fees</b>					
Manufactured Housing	\$ 579	\$ 590	\$ 648	\$ 652	\$ 674
Corporate Filing	2,777	2,821	2,997	2,955	2,841
Alcoholic Beverages and Gaming	4,419	3,627	3,593	4,195	3,509
Financial Institutions	3,082	3,148	3,046	3,011	3,073
Corporate Special	3,512	4,883	5,393	4,014	8,339
Construction Industries	6,580	6,052	7,648	7,369	6,825
Gaming License and Permit Fees	387	420	609	302	327
Securities Receipts	17,838	17,031	16,946	15,824	14,840
Public Utilities	10,892	11,333	9,407	10,182	8,064
Health Facilities Fees	-	-	158	172	290
Pipeline Fees	60	34	75	137	11
Motor Vehicles Miscellaneous Fees	139	159	156	146	139
Drivers Training Fees	-	-	-	-	39
State Engineers Fees	-	-	-	-	-
<b>Total License Fees</b>	<u>50,265</u>	<u>50,098</u>	<u>50,676</u>	<u>48,959</u>	<u>48,971</u>
<b>Total Taxes and License Fees</b>	<u>3,580,801</u>	<u>3,906,139</u>	<u>4,575,552</u>	<u>4,490,228</u>	<u>4,149,330</u>
<b>Other Revenue Sources</b>					
<b>Investment Income</b>					
State Land Grant Permanent Fund Income	437,128	433,497	390,484	364,697	354,156
Earnings on State Balances	22,126	67,754	114,975	87,307	77,935
Severance Tax Permanent Fund Earnings	187,072	191,292	177,172	170,973	171,798
<b>Total Interest Earnings</b>	<u>646,326</u>	<u>692,543</u>	<u>682,631</u>	<u>622,977</u>	<u>603,889</u>
<b>Rents and Royalties</b>					
Federal Mineral Leasing	355,302	507,229	45,085	501,124	556,541
Land Office	67,702	36,442	611,182	50,410	52,696
<b>Total Rents and Royalties</b>	<u>423,004</u>	<u>543,671</u>	<u>656,267</u>	<u>551,534</u>	<u>609,237</u>

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Miscellaneous Receipts and Fees</b>					
Environment Department Filing Fees	\$ 4,212	\$ 1,322	\$ 3,350	\$ 2,048	\$ 5,201
Administrative Fees	-	-	-	-	-
Tribal Revenue Sharing	67,178	67,582	70,709	68,189	65,891
Media Lease Payments	19	18	21	19	17
MVD Penalty Assessments	5,658	5,982	6,018	5,705	5,737
Fines and Forfeitures	5,241	5,567	5,708	6,052	7,104
Birth and Death Certificates	1,019	1,010	1,045	1,075	1,051
District Judge Receipts	925	936	1,051	1,064	1,196
Notary Public Fees	681	628	648	1,386	607
Court of Appeals	-	-	-	-	-
Legislative Receipts	28	18	35	20	46
Workmen's Compensation Fees	5	268	4	4	15
Payroll Administration Costs	-	-	-	-	-
Law Enforcement Protection	7,641	3,936	4,576	8,291	9,089
Small County Assistance	5,809	3,748	1,537	3,576	3,346
Supreme Court Fees	1	-	-	-	1
Unclaimed Property	24,644	21,516	16,833	15,452	18,352
Public Defender Reimbursement	269	354	446	411	414
Small Cities Assistance	-	-	-	-	-
<b>Total Miscellaneous Receipts and Fees</b>	<b>123,330</b>	<b>112,885</b>	<b>111,981</b>	<b>113,292</b>	<b>118,067</b>
<b>Other Revenues</b>					
Miscellaneous Nonrecurring	36,136	29,509	39,921	42,604	55,825
Transfers - Reversions	59,163	101,751	81,167	68,077	73,499
<b>Total Other Revenues</b>	<b>95,299</b>	<b>131,260</b>	<b>121,088</b>	<b>110,681</b>	<b>129,324</b>
<b>Total Other Revenue Sources</b>	<b>1,512,688</b>	<b>1,523,634</b>	<b>1,390,306</b>	<b>1,481,834</b>	<b>1,373,261</b>
<b>Total Revenues</b>	<b>\$ 6,285,750</b>	<b>\$ 6,098,409</b>	<b>\$ 5,784,525</b>	<b>\$ 5,847,373</b>	<b>\$ 5,506,083</b>

Source: General Fund Financial Audit (30600) - Schedule of Revenue by Source  
Department of Finance and Administration General Fund Report

**SCHEDULE B-1 (CONTINUED)**

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Miscellaneous Receipts and Fees</b>					
Environment Department Filing Fees	\$ 4,412	\$ 8,551	\$ 2,253	\$ 1,237	\$ 1,272
Administrative Fees	-	-	-	-	-
Tribal Revenue Sharing	64,118	65,385	66,560	56,158	49,520
Media Lease Payments	31	23	20	18	18
MVD Penalty Assessments	6,078	6,873	7,019	6,053	5,704
Fines and Forfeitures	7,276	8,756	9,110	8,086	8,425
Birth and Death Certificates	1,032	1,068	1,170	865	661
District Judge Receipts	1,260	1,202	1,208	1,042	986
Notary Public Fees	580	614	686	56	728
Court of Appeals	-	-	-	-	-
Legislative Receipts	29	54	44	59	38
Workmen's Compensation Fees	-	70	80	67	10
Payroll Administration Costs	-	-	-	-	-
Law Enforcement Protection	9,920	6,953	6,699	6,838	8,593
Small County Assistance	-	4,013	7,943	-	-
Supreme Court Fees	-	-	-	-	-
Unclaimed Property	11,757	13,538	-	12,291	12,501
Public Defender Reimbursement	429	533	430	404	389
Small Cities Assistance	1,546	-	-	-	-
<b>Total Miscellaneous Receipts and Fees</b>	<u>108,468</u>	<u>117,633</u>	<u>103,222</u>	<u>93,174</u>	<u>88,845</u>
<b>Other Revenues</b>					
Miscellaneous Nonrecurring	55,039	33,942	45,024	51,210	42,209
Transfers - Reversions	394,354	331,995	66,000	38,880	45,030
<b>Total Other Revenues</b>	<u>449,393</u>	<u>365,937</u>	<u>111,024</u>	<u>90,090</u>	<u>87,239</u>
<b>Total Other Revenue Sources</b>	<u>1,627,191</u>	<u>1,719,784</u>	<u>1,553,144</u>	<u>1,357,775</u>	<u>1,389,210</u>
<b>Total Revenues</b>	<u>\$ 5,207,992</u>	<u>\$ 5,625,923</u>	<u>\$ 6,128,696</u>	<u>\$ 5,848,003</u>	<u>\$ 5,538,540</u>

# STATE OF NEW MEXICO

## REVENUE BASE

Last Ten Calendar Years  
(In Thousands)

	Calendar Year				
	2015	2014	2013	2012	2011
<b>Taxable Gross Receipts</b>					
Agriculture, Forestry and Fishing	\$ 84,720	\$ 54,047	\$ 61,294	\$ 57,791	\$ 59,602
Mining	4,144,544	2,998,455	3,668,701	3,431,242	3,239,185
Construction	6,331,176	4,257,409	5,562,314	5,271,994	5,326,763
Manufacturing	2,238,013	1,607,519	2,015,743	1,833,576	1,643,653
Transportation	867,443	543,996	780,150	686,364	679,289
Communications and Utilities	5,134,386	1,908,054	4,907,802	4,803,345	4,648,079
Wholesale Trade	2,544,689	1,790,115	2,335,113	2,280,235	2,207,054
Retail Trade	12,553,764	9,268,342	12,160,633	12,024,304	11,912,593
Finance, Insurance and Real Estate	1,630,999	1,106,612	1,377,056	1,218,396	1,131,560
Services and Other	19,219,587	15,112,166	17,413,350	17,395,771	17,558,765
Public Administration	673,442	378,243	622,335	597,549	692,754
<b>Total Taxable Gross Receipts</b>	<b>\$ 55,422,763</b>	<b>\$ 39,024,958</b>	<b>\$ 50,904,491</b>	<b>\$ 49,600,567</b>	<b>\$ 49,099,297</b>
State Gross Receipts Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%
<b>Personal Income by Industry</b>					
Federal Civilian	\$ 3,110	\$ 2,948	\$ 2,965	\$ 3,351	\$ 3,331
Federal Military	1,215	1,268	1,367	1,632	1,596
State and Local Government	9,860	9,590	9,229	8,934	8,640
Farm Earnings	1,088	1,769	1,472	1,203	1,389
Forestry, Fishing, and Related Activities	145	150	150	132	99
Mining	3,035	3,167	3,151	2,410	2,045
Utilities	503	491	520	522	442
Construction	3,111	3,042	2,978	2,888	2,868
Manufacturing	2,118	2,089	2,178	2,344	2,272
Wholesale Trade	1,442	1,441	1,451	1,444	1,382
Retail	3,546	3,505	3,412	3,417	3,274
Transportation and Warehousing	1,569	1,508	1,464	1,408	1,318
Information	927	790	881	878	832
Financial, Insurance, Real Estate, Rental, and Leasing	2,725	2,448	2,404	2,139	2,361
Services	18,166	17,790	17,652	17,731	17,233
Other <sup>1</sup>	27,490	26,432	24,537	22,791	22,931
<b>Total Personal Income</b>	<b>\$ 80,050</b>	<b>\$ 78,428</b>	<b>\$ 75,811</b>	<b>\$ 73,224</b>	<b>\$ 72,013</b>
Highest Income Tax Rate	4.9%	4.9%	4.9%	4.9%	4.9%

<sup>1</sup>Other personal income includes dividends, interest and rent, residence adjustment, personal current transfer receipts and deduction for insurance contributions.

<sup>2</sup>Data for 2012 is based on fiscal year.

Source: New Mexico Department of Taxation and Revenue Department, RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code.

Department of Commerce Bureau of Economic Analysis, SQ5N - Personal Income by Major Source and Earnings by Major NAICS Industry Report.

Note: 2009 Personal income by industry information was updated as of December 2010



**SCHEDULE B-2**

	Calendar Year				
	2010	2009	2008 as Restated	2007	2006
<b>Taxable Gross Receipts</b>					
Agriculture, Forestry and Fishing	\$ 51,681	\$ 62,842	\$ 83,216	\$ 84,941	\$ 80,427
Mining	1,860,940	1,866,669	2,473,548	2,162,156	2,058,172
Construction	3,982,945	6,019,441	7,407,837	7,546,822	7,417,626
Manufacturing	1,038,527	1,110,799	1,340,101	1,373,810	1,296,737
Transportation	546,715	625,733	646,162	577,428	504,786
Communications and Utilities	3,445,649	3,470,163	3,396,282	3,298,025	3,173,996
Wholesale Trade	1,573,254	1,926,673	2,632,017	2,583,579	2,700,570
Retail Trade	9,292,428	11,883,094	12,610,702	12,884,778	11,842,129
Finance, Insurance and Real Estate	784,486	1,107,662	1,106,311	1,198,885	1,051,586
Services and Other	14,674,794	21,364,218	18,953,106	17,201,063	16,139,538
Public Administration	151,857	180,217	191,262	521,733	424,138
<b>Total Taxable Gross Receipts</b>	<b>\$ 37,403,276</b>	<b>\$ 49,617,511</b>	<b>\$ 50,840,544</b>	<b>\$ 49,433,220</b>	<b>\$ 46,689,705</b>
<b>State Gross Receipts Tax Rate</b>	<b>5.3%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Personal Income by Industry</b>					
Federal Civilian	\$ 3,395	\$ 3,166	\$ 2,999	\$ 2,900	\$ 2,768
Federal Military	1,447	1,250	1,087	1,129	1,125
State and Local Government	8,643	8,678	7,660	7,497	7,584
Farm Earnings	1,034	575	812	581	414
Forestry, Fishing, and Related Activities	115	108	112	124	127
Mining	2,040	1,891	2,037	1,904	1,820
Utilities	460	468	431	395	372
Construction	2,651	2,840	3,390	3,050	3,102
Manufacturing	2,197	2,094	2,341	2,658	2,468
Wholesale Trade	1,482	1,426	1,565	1,442	1,373
Retail	3,219	3,190	3,442	3,194	3,053
Transportation and Warehousing	1,221	1,220	1,346	1,249	1,201
Information	862	1,220	914	865	834
Financial, Insurance, Real Estate, Rental, and Leasing	2,036	2,065	2,211	2,316	2,250
Services	9,215	9,077	11,367	9,181	8,906
Other <sup>1</sup>	27,694	27,407	24,370	21,164	20,734
<b>Total Personal Income</b>	<b>\$ 67,711</b>	<b>\$ 66,675</b>	<b>\$ 66,084</b>	<b>\$ 59,649</b>	<b>\$ 58,131</b>
<b>Highest Income Tax Rate</b>	<b>4.9%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.7%</b>

# STATE OF NEW MEXICO

## REVENUE PAYERS BY INDUSTRY – TAXABLE SALES, SERVICES, AND USE TAX PURCHASES

## SCHEDULE B-3

Most Current Calendar Year and Historical Comparison  
(In Thousands)

	Fiscal Year 2015				Calendar Year 2006			
	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total
Agriculture, Forestry and Fishing	1,292	0.4%	\$ 84,720	0.2%	1,217	0.4%	\$ 80,427	0.2%
Mining	3,799	1.2%	4,144,544	7.5%	2,157	0.7%	2,058,172	4.4%
Construction	34,506	10.5%	6,331,176	11.4%	33,512	11.6%	7,417,626	15.9%
Manufacturing	14,657	4.4%	2,238,013	4.0%	11,230	3.9%	1,296,737	2.8%
Transportation	4,869	1.5%	867,443	1.6%	3,557	1.2%	504,786	1.1%
Communications and Utilities	20,222	6.1%	5,134,386	9.3%	15,472	5.4%	3,173,996	6.8%
Wholesale Trade	18,531	5.6%	2,544,689	4.6%	16,824	5.8%	2,700,570	5.8%
Retail Trade	66,709	20.2%	12,553,764	22.7%	59,868	21.0%	11,842,129	25.3%
Finance, Insurance and Real Estate	17,266	5.2%	1,630,999	2.9%	12,770	4.4%	1,051,586	2.3%
Services and Other	147,099	44.6%	19,219,587	34.7%	130,744	45.4%	16,139,538	34.6%
Public Administration	680	0.3%	673,442	1.1%	490	0.2%	424,138	0.8%
Total Number of Outlets and Total Taxable Gross Revenues	<u>329,630</u>	<u>100.0%</u>	<u>\$ 55,422,763</u>	<u>100.0%</u>	<u>287,841</u>	<u>100.0%</u>	<u>\$ 46,689,705</u>	<u>100.0%</u>
State Gross Receipts Tax Rate		<u>5.1%</u>				<u>5.0%</u>		

<sup>1</sup>Data for 2015 is based on fiscal year.

Source: New Mexico Department of Taxation and Revenue, Monthly RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

# STATE OF NEW MEXICO

## REVENUE PAYERS – PERSONAL INCOME TAX

## SCHEDULE B-4

Most Current Calendar Year and Historical Comparison  
(Dollars, Except for Income Level, in Thousands)

Income Level	2003				2013*			
	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total
\$200,000 and higher	8,850	1.1%	\$ 845,745	26.0%	20,010	2.2%	\$ 1,971,263	37.6%
\$100,000 - \$199,999	39,729	4.9%	780,600	24.1%	81,550	9.0%	1,455,174	27.8%
\$75,000 - \$99,999	45,897	5.6%	443,474	13.7%	69,090	7.5%	625,003	11.9%
\$50,000 - \$74,999	92,633	11.4%	532,855	16.4%	112,830	12.5%	624,258	11.9%
\$49,999 and lower	626,622	77.0%	640,621	19.8%	622,260	68.8%	566,617	10.8%
Total	813,731	100.0%	\$ 3,243,295	100.0%	905,740	100.0%	\$ 5,242,315	100.0%

\* At the time of the preparation of the 2015 New Mexico State CAFR, the 2015 and 2014 information was not available.

Source: United States Department of the Treasury, Internal Revenue Service, Tax Year 2013: Historical Table 2 (SOI Bulletin)

# STATE OF NEW MEXICO

## PERSONAL INCOME TAX RATES

Last Ten Fiscal Years

## SCHEDULE B-5

Year	Top Tax Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of			Average Effective Rate, As Restated
		Single	Married Filing Jointly	Head of Household	
2015	4.9%	\$ 16,000	\$ 24,000	\$ 24,000	N/A
2014	4.9%	16,000	24,000	24,000	N/A
2013	4.9%	16,000	24,000	24,000	N/A
2012	4.9%	16,000	24,000	24,000	N/A
2011	4.9%	16,000	24,000	24,000	N/A
2010	4.9%	16,000	24,000	24,000	N/A
2009	4.9%	16,000	24,000	24,000	3.4%
2008	4.9%	16,000	24,000	24,000	1.7%
2007	5.3%	16,000	24,000	24,000	1.8%
2006	5.3%	16,000	24,000	24,000	1.6%
2005	5.7%	16,000	24,000	20,000	2.2%

Source: New Mexico Department of Taxation and Revenue

# STATE OF NEW MEXICO

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Governmental Activities</b>					
General Obligation	\$ 326,755	\$ 311,270	\$ 372,700	\$ 296,890	\$ 379,228
Enhanced E-911 Revenue Bonds	-	-	-	-	-
Severance Tax Bonds	523,070	760,080	683,275	798,740	884,320
Revenue Bonds	1,349,190	1,520,839	1,562,240	1,723,061	1,859,403
Total Government	<u>2,199,015</u>	<u>2,592,189</u>	<u>2,618,215</u>	<u>2,818,691</u>	<u>3,122,951</u>
<b>Business-type Activities*</b>					
Revenue Bonds	695,552	808,463	827,812	840,831	832,306
Capital Leases	1,023	1,919	1,060	1,292	919
Total Primary Government	<u>696,575</u>	<u>810,382</u>	<u>828,872</u>	<u>842,123</u>	<u>833,225</u>
Total Debt	<u>\$ 2,895,590</u>	<u>\$ 3,402,571</u>	<u>\$ 3,447,087</u>	<u>\$ 3,660,814</u>	<u>\$ 3,956,176</u>
New Mexico Personal Income	\$ 80,200,588	\$ 78,428,000	\$ 73,159,160	\$ 73,159,160	\$ 71,993,000
Debt as a Percentage of Personal Income	3.6%	4.3%	4.7%	5.0%	5.5%
New Mexico Population	2,085	2,086	2,085	2,086	2,066
General Obligation Debt Per Capita	\$ 157	\$ 149	\$ 179	\$ 142	\$ 184
Total Long-Term Debt Per Capita	\$ 1,388	\$ 1,631	\$ 1,653	\$ 1,755	\$ 1,915

Source: State of New Mexico Comprehensive Annual Financial Report for outstanding bonded and non-bonded debt.

See Schedule for Demographics and Economic Statistics for personal income and population data. Ratios are calculated based upon personal income and population which are reported for the prior calendar year.

Note: In the past, total debt was used to calculate the above ratios. Beginning with fiscal year 2009, outstanding debt is used in the ratio calculation; therefore, all prior year balances were restated to reflect the change.

## SCHEDULE C-1

	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007 as Restated	2006 as Restated
<b>Governmental Activities</b>					
General Obligation	\$ 423,854	\$ 453,730	\$ 388,318	\$ 371,129	\$ 273,280
Enhanced E-911 Revenue Bonds	0	0	0	745	1,455
Severance Tax Bonds	1,020,550	626,715	738,687	669,686	577,935
Revenue Bonds	1,703,481	1,707,996	1,790,900	1,829,528	1,453,057
Total Government	<u>3,147,885</u>	<u>2,788,441</u>	<u>2,917,905</u>	<u>2,871,088</u>	<u>2,305,727</u>
<b>Business-type Activities*</b>					
Revenue Bonds	866,692	802,924	833,836	699,319	719,799
Capital Leases	248	2,025	1,711	2,330	2,713
Total Primary Government	<u>866,940</u>	<u>804,949</u>	<u>835,547</u>	<u>701,649</u>	<u>722,512</u>
Total Debt	<u>\$ 4,014,825</u>	<u>\$ 3,593,390</u>	<u>\$ 3,753,452</u>	<u>\$ 3,572,737</u>	<u>\$ 3,028,239</u>
New Mexico Personal Income	\$ 71,993,000	\$ 65,648,333	\$ 66,337,250	\$ 62,001,991	\$ 58,131,416
Debt as a Percentage of Personal Income	5.6%	5.5%	5.7%	5.8%	5.2%
New Mexico Population	2,066	2,010	1,984	2,059	2,014
General Obligation Debt Per Capita	\$ 205	\$ 226	\$ 196	\$ 180	\$ 136
Total Long-Term Debt Per Capita	\$ 1,943	\$ 1,788	\$ 1,892	\$ 1,735	\$ 1,504

# STATE OF NEW MEXICO

## LONG-TERM LIABILITIES

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013 As Restated	2012	2011 As Restated
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 326,755	\$ 311,270	\$ 372,700	\$ 296,890	\$ 379,288
Severance Tax Bonds	523,070	760,080	683,275	798,740	884,320
Revenue Bonds	1,349,190	1,520,839	1,562,240	1,723,061	1,859,403
Bond Premium, Discount, Net *	217,441	252,771	234,954	236,190	-
Deferred Loss on Refunding, Net *	100,167	96,042	(91,257)	(81,982)	-
Notes Payable	-	1,581	1,598	2,454	3,715
Claims and Judgments	157,417	259,855	348,753	433,547	225,248
Reserve for Losses	-	100,000	-	-	-
Compensated Absences	-	62,339	61,201	60,946	63,934
Pollution Remediation Obligation	48,435	47,129	53,373	55,694	86,741
Other	52,307	212,200	252,003	330,217	-
Total Governmental Activities	<u>2,774,782</u>	<u>3,624,106</u>	<u>3,478,840</u>	<u>3,855,757</u>	<u>3,502,649</u>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 695,552	\$ 808,463	\$ 827,812	\$ 840,831	\$ 832,306
Bond Premium, Discount, Net *	31,519	15,429	17,010	8,831	-
Capital Leases	1,023	1,919	1,060	1,292	919
Compensated Absences	20,853	80,180	77,777	96,219	99,689
Reserve for Losses	-	69,988	65,471	65,472	63,406
Other	56,579	184,094	79,083	56,173	52,750
Total Business-type Activities	<u>805,525</u>	<u>1,160,073</u>	<u>1,068,213</u>	<u>1,068,818</u>	<u>1,049,070</u>
Total Primary Government Long-term Liabilities	<u>\$ 3,580,307</u>	<u>\$ 4,784,179</u>	<u>\$ 4,547,053</u>	<u>\$ 4,924,575</u>	<u>\$ 4,551,719</u>

Note: Details regarding the liabilities listed above can be found in Note 8, Changes in Long-term Liabilities in the financial statements.

\* In prior years, bond premium, discount, and loss on refunding was not stated separately.

**SCHEDULE C-2**

	Fiscal Year				
	2010	2009			
	As Restated	As Restated	2008	2007	2006
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 423,854	\$ 481,812	\$ 388,318	\$ 371,874	\$ 315,925
Severance Tax Bonds	1,020,550	626,715	738,687	669,686	577,935
Revenue Bonds	1,703,481	1,729,205	1,790,900	1,829,528	1,453,057
Bond Premium, Discount, Net *	-	-	-	-	-
Deferred Loss on Refunding, Net *	-	-	-	-	-
Notes Payable	124,205	43,781	2,943	-	-
Claims and Judgments	222,821	217,426	238,714	44,826	48,466
Reserve for Losses	-	-	-	13,305	13,743
Compensated Absences	73,483	73,757	68,898	62,658	60,194
Pollution Remediation Obligation	86,289	7,992	8,813	-	-
Other	501	100	251	75,393	63,318
Total Governmental Activities	<u>3,655,184</u>	<u>3,180,788</u>	<u>3,237,524</u>	<u>3,067,270</u>	<u>2,532,638</u>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 866,692	\$ 809,215	\$ 833,836	\$ 699,453	\$ 719,799
Bond Premium, Discount, Net *	-	-	-	-	-
Capital Leases	238	2,075	1,711	2,330	2,713
Compensated Absences	93,997	87,747	67,466	61,211	57,648
Reserve for Losses	63,901	70,286	63,090	-	-
Other	45,126	50,538	29,705	97,657	95,072
Total Business-type Activities	<u>1,069,954</u>	<u>1,019,861</u>	<u>995,808</u>	<u>860,651</u>	<u>875,232</u>
Total Primary Government Long-term Liabilities	<u>\$ 4,725,138</u>	<u>\$ 4,200,649</u>	<u>\$ 4,233,332</u>	<u>\$ 3,927,921</u>	<u>\$ 3,407,870</u>



# STATE OF NEW MEXICO

## LEGAL DEBT MARGIN

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Net Taxable Value of Property					
Subject to Taxation	\$ 58,412,965	\$ 56,735,505	\$ 54,236,936	\$ 54,129,671	\$ 51,040,955
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	584,130	567,355	542,369	541,297	510,410
General Obligation Bonds	326,755	311,270	372,700	296,890	355,500
Enhanced E-911 Bonds	-	-	-	-	-
Total General Debt Outstanding	326,755	311,270	372,700	296,890	355,500
Legal Debt Margin	\$ 257,375	\$ 256,085	\$ 169,669	\$ 244,407	\$ 154,910
Legal Debt Margin as a Percentage of the Debt Limit	44.1%	45.1%	31.3%	45.2%	30.4%

**Note:** The *Constitution of the State of New Mexico*, Article IX, Section 8, limits the State's outstanding general debt to a maximum of one percent of the net taxable value of all property subject to taxation within the State. The legal debt margin is the remaining borrowing authority available and is calculated by subtracting the bonded debt outstanding from the legal debt limit as calculated per Constitutional requirements.

Source: Note information regarding general bonded debt outstanding can be located within the State of New Mexico's comprehensive annual financial report per fiscal year. Property value data was provided by the Department of Finance and Administration, Local Government Division, Financial and Property Tax Data by County and Municipality. Per capita information is based upon population data located in the Demographics and Economic Statistics schedule.

**SCHEDULE C-3**

	Fiscal Year				
	2010 As Restated	2009	2008	2007	2006
Net Taxable Value of Property					
Subject to Taxation	\$ 55,046,209	\$ 50,463,804	\$ 47,261,516	\$ 42,985,028	\$ 38,910,768
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	<u>550,462</u>	<u>504,638</u>	<u>472,615</u>	<u>429,850</u>	<u>389,108</u>
General Obligation Bonds	398,580	453,730	388,318	371,874	274,735
Enhanced E-911 Bonds	-	-	-	762	1,521
Total General Debt Outstanding	<u>398,580</u>	<u>453,730</u>	<u>388,318</u>	<u>372,636</u>	<u>276,256</u>
Legal Debt Margin	<u>\$ 151,882</u>	<u>\$ 50,908</u>	<u>\$ 84,297</u>	<u>\$ 57,214</u>	<u>\$ 112,852</u>
Legal Debt Margin as a Percentage of the Debt Limit	<u>27.6%</u>	<u>10.1%</u>	<u>17.8%</u>	<u>13.3%</u>	<u>29.0%</u>

# STATE OF NEW MEXICO

## STATUTORY DEBT LIMIT

### SEVERANCE TAX BONDS

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Annual Deposits into Severance Tax Bonding Fund	\$ 426,331	\$ 414,956	\$ 426,821	\$ 504,734	\$ 398,576
50.0% of Annual Deposits	213,166	207,478	213,411	252,367	199,288
Statutory Debt Limit Amount	<u>213,166</u>	<u>207,478</u>	<u>213,411</u>	<u>252,367</u>	<u>199,288</u>
Senior Bond Servicing Amount *	<u>129,042</u>	<u>125,597</u>	<u>127,951</u>	<u>121,367</u>	<u>103,867</u>
Statutory Debt Margin Amount	<u>\$ 84,124</u>	<u>\$ 81,881</u>	<u>\$ 85,460</u>	<u>\$ 131,000</u>	<u>\$ 95,421</u>
Statutory Debt Margin as a Percentage of Debt Limit	<u>39.5%</u>	<u>39.5%</u>	<u>40.0%</u>	<u>51.9%</u>	<u>47.9%</u>

Note: The State Board of Finance is prohibited by the Severance Tax Bonding Act from issuing Senior Severance Tax Bonds unless the aggregate amount of total Senior Severance Tax Bonds outstanding, including the bonds to be issued, can be serviced with not more than 50 percent of the annual deposits into the Bonding Fund, as determined by the deposits during the fiscal year preceding the issuance of the bonds.

\* Does not include payment on refunded bonds, which are paid from escrowed securities, payments on short-term debt issued by the State Treasurer and paid in the same year issued, or payments on Supplemental Bond Series.

Sources: New Mexico Office of the State Treasurer audited financial statements.

New Mexico Board of Finance, Severance Tax Bonds, Bond Series 2012A Official Statement.

**SCHEDULE C-4**

	Fiscal Year				
	2010	2009	2008	2007	2006
Annual Deposits into Severance Tax Bonding Fund	\$ 374,234	\$ 550,222	\$ 573,595	\$ 508,508	\$ 532,386
50.0% of Annual Deposits	187,117	275,111	286,798	254,254	266,193
Statutory Debt Limit Amount	<u>187,117</u>	<u>275,111</u>	<u>286,798</u>	<u>254,254</u>	<u>266,193</u>
Senior Bond Servicing Amount *	<u>96,290</u>	<u>12,433</u>	<u>158,564</u>	<u>72,886</u>	<u>69,902</u>
Statutory Debt Margin Amount	<u>\$ 90,827</u>	<u>\$ 262,678</u>	<u>\$ 128,234</u>	<u>\$ 181,368</u>	<u>\$ 196,291</u>
Statutory Debt Margin as a Percentage of Debt Limit	<u>48.5%</u>	<u>95.5%</u>	<u>44.7%</u>	<u>71.3%</u>	<u>73.7%</u>

# STATE OF NEW MEXICO

## PLEDGED REVENUE BOND COVERAGE

Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Severance Tax Bonds (Including Supplemental Subordinate Liens)</b>				
2015	\$ 426,331	\$ 0	\$ 18,301	23.3
2014	414,956	224,525	55,539	1.5
2013	426,821	115,465	33,969	2.9
2012	504,734	128,013	24,304	3.3
2011	398,576	145,546	28,497	2.3
2010	374,234	154,858	23,357	2.1
2009	550,222	113,637	20,555	4.1
2008	573,595	116,365	20,561	4.2
2007	510,140	78,417	14,588	5.5
2006	996,911	93,463	13,691	9.3
<b>Highway Infrastructure Bonds</b>				
2015	\$ 385,211	\$ 84,080	\$ 68,080	2.5
2014	385,116	106,610	71,053	2.2
2013	411,003	138,848	76,561	1.9
2012	785,000	243,060	220,698	1.7
2011	719,811	71,450	79,742	4.8
2010	719,811	75,795	84,697	4.5
2009	726,430	75,500	88,574	4.4
2008	674,453	72,468	92,691	4.1
2007	651,635	75,295	73,162	4.4
2006	713,255	81,130	77,103	4.5
<b>Energy and Minerals Bonds</b>				
2015	\$ 5,113	\$ 1,968	\$ 412	2.1
2014	13,652	2,863	645	3.9
2013	8,826	1,819	604	3.6
2012	4,900	1,738	647	2.1
2011	2,578	1,546	395	1.3
2010	2,578	1,487	755	1.1
2009	3,730	1,429	809	1.7
2008	4,085	1,398	865	1.8
2007	3,911	1,351	908	1.7
2006	4,369	1,315	1,254	1.7

N/A Data not available.

Sources: New Mexico Department of Transportation audited financial statements  
 New Mexico Office of the State Treasurer audited financial statements  
 New Mexico State Fair Commission (Expo) audited financial statements  
 New Mexico Energy, Minerals and Natural Resources audited financial statements  
 New Mexico Miner's Colfax Medical Center audited financial statements  
 New Mexico Spaceport Authority audited financial statements  
 New Mexico Department of Cultural Affairs audited financial statements

**SCHEDULE C-5**

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Cultural Affairs Bonds and Loan</b>				
2015	\$ 835	\$ 320	\$ 139	1.8
2014	455	459	224	0.7
2013	1,100	1,432	256	0.7
2012	805	396	170	1.4
2011	795	385	178	1.4
2010	776	374	186	1.4
2009	1,000	364	193	1.8
2008	1,000	356	199	1.8
2007	702	349	204	1.3
2006	511	143	205	1.5
<b>Miners' Colfax Medical Center Bonds</b>				
2015	\$ 5,752	\$ 910	\$ 351	4.6
2014	6,386	770	509	5.0
2013	6,386	770	509	5.0
2012	6,302	744	535	4.9
2011	6,291	718	559	4.9
2010	6,000	694	581	4.7
2009	4,200	673	611	3.3
2008	5,500	653	619	4.3
2007	5,100	602	668	4.0
2006	4,200	580	690	3.3
<b>State Fair (EXPO) Bonds</b>				
2015	\$ 448	\$ 689	\$ 12	0.6
2014	1,070	628	70	1.5
2013	1,070	628	70	1.5
2012	1,100	607	79	1.6
2011	1,000	587	98	1.5
2010	1,000	570	115	1.5
2009	1,000	554	130	1.5
2008	800	541	143	1.2
2007	750	531	154	1.1
2006	770	209	157	2.1
<b>Spaceport Authority Bonds</b>				
2015	\$ 6,195	\$ 2,785	\$ 2,867	1.1
2014	6,207	2,710	2,938	1.1
2013	6,258	2,625	3,022	1.1
2012	5,900	2,565	3,066	1.0
2011	6,200	1,905	2,679	1.4

Debt not issued in prior years.

# STATE OF NEW MEXICO

## DEMOGRAPHIC AND ECONOMIC INDICATORS

## SCHEDULE D-1

Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling (Pop=25 Yrs &amp; &gt;)</u>	<u>Public School Enrollment</u>
2015	2,085,487	\$ 80,200,588,000	\$ 38,457	37.2	N/A	337,959
2014	2,085,572	77,356,150,000	37,091	37.2	N/A	336,980
2013	2,085,287	73,159,160,000	35,083	36.9	N/A	338,223
2012	2,085,538	73,159,160,000	35,079	36.8	N/A	337,225
2011	2,065,932	71,993,000,000	34,848	36.6	N/A	328,591
2010	2,059,179	69,435,000,000	33,720	36.7	12.4	330,142
2009	2,009,671	66,745,000,000	33,212	35.5	12.4	323,882
2008	1,984,356	66,337,250,000	33,430	36.0	12.3	329,261
2007	2,059,075	62,001,991,000	30,112	36.0	12.3	326,525
2006	2,014,006	58,131,416,000	28,864	35.2	12.3	321,663

Sources: Population, Per Capita Personal Income - New Mexico Bureau of Business and Economic Research, University of New Mexico School Enrollment - New Mexico Department of Finance and Administration, Office of Education and Accountability Personal Income - Department of Commerce Bureau of Economic Analysis, Education - Census.gov B15002 American Fact Finder, PEPASR6H GeographyNMYR2012Population Estimates, bea.gov.

Note: Personal Income, Per capita Personal Income and median Age data are as of 2015 data. 2015 population data represents estimates based on the 2010 census.

Note: Statistics were revised to indicate the percentage of individuals that have attained educational levels instead of the average educational level as was done in prior years.

# STATE OF NEW MEXICO

## PRINCIPAL EMPLOYERS

## SCHEDULE D-2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2003			Calendar Year 2013		
	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
State of New Mexico (total offices, departments, etc.)	21,072	3	2.9%	21,832	1	2.5%
UNM (Campuses, Hospital, Medical Group, Etc.)	23,327	1	3.2%	21,320	2	2.4%
Albuquerque Public Schools	11,700	4	1.6%	14,810	3	1.7%
New Mexico State University	8,084	5	1.1%	12,737	4	1.4%
CNM	1,809	17	0.2%	11,777	5	1.3%
KAFB (DOD, Active Duty, Civil Service excluding SN	22,365	2	3.0%	10,125	6	1.2%
Sandia National Laboratories	6,831	9	0.9%	8,400	7	1.0%
Los Alamos National Laboratories	7,500	6	1.0%	7,949	8	0.9%
Presbyterian Healthcare	7,000	7	0.9%	6,965	9	0.8%
City of Albuquerque	6,940	8	0.9%	6,940	10	0.8%
White Sands Missile Range	3,940	12	0.5%	6,636	11	0.8%
Wal-Mart	2,348	14	0.3%	5,400	12	0.6%
Lovelace Health Systems	5,500	10	0.7%	4,000	13	0.5%
Intel Corporation	5,400	11	0.7%	3,300	14	0.4%
Las Cruces Public Schools	N/A	N/A	N/A	3,000	15	0.3%
Eastern New Mexico University	N/A	N/A	N/A	2,955	16	0.3%
Bernalillo County	1,467	19	0.2%	2,648	17	0.3%
Smith's Food & Drug Stores	2,242	15	0.3%	2,350	18	0.3%
Raymond G. Murvphy VA Medical Center	1,712	18	0.2%	2,300	19	0.3%
New Mexico Highlands University	N/A	N/A	N/A	2,165	20	0.2%
New Mexico Veteran's Affairs Health Care System	N/A	N/A	N/A	2,100	21	0.2%
Santa Fe Public Schools	1,850	16	0.3%	2,027	22	0.2%
Christus St. Vincent Regional Medical Center	1,450	20	0.2%	2,000	23	0.2%
Rio Rancho Public Schools	N/A	N/A	N/A	2,000	24	0.2%
PNM Resources	2,700	13	0.4%	1,909	25	0.2%
<b>Total Employees of Principal Employers</b>	<b>145,237</b>		<b>13.7%</b>	<b>167,645</b>		<b>14.0%</b>

Sources: NMNETLINKS

Data for 2015 was not available

Note: Number of employees is based on a calendar year average.



# STATE OF NEW MEXICO

## COMPOSITION OF LABOR FORCE

Last Ten Calendar Years

	Calendar Year				
	2015	2014	2013	2012	2011
<b>Nonagricultural Jobs</b>					
Government	195,400	194,700	188,300	182,297	195,100
Mining	25,800	28,400	26,800	23,959	21,300
Construction	41,800	43,300	40,600	41,116	43,400
Manufacturing	27,600	28,300	27,300	29,672	29,400
Trade, Transportation and Utilities	140,000	142,700	136,800	134,061	133,300
Information	12,100	12,700	12,300	13,523	14,400
Financial Activity	34,200	33,600	34,100	35,547	32,500
Professional and Business Services	102,800	100,300	96,800	92,746	100,500
Education and Health Services	134,800	131,900	123,200	114,233	121,700
Leisure and Hospitality	93,400	89,000	85,000	86,269	86,300
Other Services	27,900	28,300	27,200	20,970	28,600
<b>Total Nonagricultural Jobs</b>	<b>835,800</b>	<b>833,200</b>	<b>798,400</b>	<b>774,393</b>	<b>806,500</b>
Civilian Labor Force	915,466	918,206	935,890	943,092	942,386
Total Employed	858,551	858,149	871,299	871,665	868,801
Unemployed	56,915	60,057	64,591	71,427	73,585
Unemployment Rate	6.2%	6.5%	6.9%	7.6%	7.8%
Seasonally Adjusted Rate	6.7%	6.5%	6.8%	7.0%	7.8%

Source: New Mexico Department of Workforce Solutions

## SCHEDULE D-3

	Calendar Year				
	2010	2009			
	as Restated	as Restated	2008	2007	2006
<b>Nonagricultural Jobs</b>					
Government	192,746	189,470	187,723	186,955	183,436
Mining	17,834	17,581	21,078	19,347	18,624
Construction	43,509	47,731	57,356	59,966	59,191
Manufacturing	28,693	30,013	35,035	37,606	37,659
Trade, Transportation and Utilities	130,652	134,337	143,162	142,935	139,875
Information	14,720	14,721	15,970	17,327	15,859
Financial Activity	21,813	22,144	33,350	33,822	33,870
Professional and Business Services	109,360	112,599	108,484	109,233	102,361
Education and Health Services	108,458	106,613	102,859	99,639	96,060
Leisure and Hospitality	83,079	84,167	86,625	89,249	86,621
Other Services	20,810	21,413	22,846	21,869	21,817
<b>Total Nonagricultural Jobs</b>	<b>771,674</b>	<b>780,789</b>	<b>814,488</b>	<b>817,948</b>	<b>795,373</b>
Civilian Labor Force	961,005	956,124	959,458	863,518	846,790
Total Employed	879,921	887,667	919,466	830,424	807,063
Unemployed	81,084	68,457	39,992	33,094	39,727
Unemployment Rate	7.0%	7.2%	4.2%	3.5%	4.2%
Seasonally Adjusted Rate	8.4%	7.2%	4.2%	3.8%	4.7%

# STATE OF NEW MEXICO

## PUBLIC HIGHER EDUCATION ENROLLMENT

Last Ten Academic Years

	Academic Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Eastern New Mexico University	6,327	6,489	6,862	6,874	6,587
Highlands University	2,626	2,742	2,758	2,778	2,747
New Mexico Institute of Mining and Technology	1,805	1,766	1,694	1,598	1,552
New Mexico State University	20,630	21,752	22,756	23,418	23,632
Northern New Mexico College <sup>2</sup>	870	1,061	1,186	1,254	1,352
University of New Mexico	28,277	28,586	28,557	28,542	28,337
Western New Mexico University	2,222	2,223	2,153	2,180	2,236
<b>Total All Four-Year Institutions</b>	<b>62,757</b>	<b>64,619</b>	<b>65,966</b>	<b>66,644</b>	<b>66,443</b>
Central New Mexico Community College <sup>1</sup>	14,653	15,920	15,818	16,384	16,687
Clovis Community College	1,548	1,589	1,684	1,760	1,828
Luna Community College	757	856	925	1,013	1,048
Mesalands Community College	428	423	652	597	639
New Mexico Junior College	1,698	1,651	1,626	1,966	1,923
New Mexico Military Institute	550	588	613	579	593
Northern New Mexico College <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
San Juan Community College	4,619	4,901	4,948	5,027	4,799
Santa Fe Community College	2,899	3,003	2,883	2,890	2,847
<b>Total All Two-Year Institutions</b>	<b>27,152</b>	<b>28,931</b>	<b>29,149</b>	<b>30,216</b>	<b>30,364</b>
<b>Total All Institutions</b>	<b>89,909</b>	<b>93,550</b>	<b>95,115</b>	<b>96,860</b>	<b>96,807</b>

<sup>1</sup> Albuquerque Technical Vocational Institute's name changed to Central New Mexico Community College

<sup>2</sup> In the 2005 - 2006 year, Northern New Mexico College was accredited as a four-year institution

Sources: New Mexico Higher Education Department, "CapitalProjects Fall2001 Fall2013", Contract Anita Gavin, NMHED  
Information can also be found at <http://www.hed.state.nm.us/researchers/student-enrollment.aspx>

## SCHEDULE D-4

	Academic Year				
	2009-10	2008-09	2007-08	2006-07	2005-06
Eastern New Mexico University	6,245	5,635	5,513	5,549	5,822
Highlands University	2,698	2,614	2,557	2,540	2,217
New Mexico Institute of Mining and Technology	1,500	1,520	1,479	1,471	1,504
New Mexico State University	22,723	21,065	19,952	19,119	18,745
Northern New Mexico College <sup>z</sup>	1,277	1,236	1,220	1,131	1,138
University of New Mexico	26,710	24,854	24,248	24,071	24,447
Western New Mexico University	2,201	1,837	1,815	1,766	1,878
<b>Total All Four-Year Institutions</b>	<b>63,354</b>	<b>58,761</b>	<b>56,784</b>	<b>55,647</b>	<b>55,751</b>
Central New Mexico Community College <sup>1</sup>	15,437	13,522	12,389	12,264	12,482
Clovis Community College	1,831	1,535	1,532	1,606	1,773
Luna Community College	912	914	947	825	936
Mesalands Community College	718	668	474	372	341
New Mexico Junior College	1,880	1,602	1,734	1,722	1,597
New Mexico Military Institute	513	540	558	563	544
Northern New Mexico College <sup>z</sup>	N/A	N/A	N/A	N/A	
San Juan Community College	4,790	4,299	4,166	4,109	4,196
Santa Fe Community College	2,609	2,186	2,006	1,992	2,067
<b>Total All Two-Year Institutions</b>	<b>28,690</b>	<b>25,266</b>	<b>23,806</b>	<b>23,453</b>	<b>23,936</b>
<b>Total All Institutions</b>	<b>92,044</b>	<b>84,027</b>	<b>80,590</b>	<b>79,100</b>	<b>79,687</b>

# STATE OF NEW MEXICO

## FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
General Government					
Government Operations	1,203.5	1,203.5	1,228.5	1,215.0	1,255.3
Taxation and Revenue	1,109.0	1,109.0	1,136.0	1,136.0	1,150.5
Human Services and Youth Corrections	4,384.1	4,384.1	4,225.1	4,357.1	4,323.1
Adult Corrections	2,453.0	2,453.0	2,453.5	2,490.5	2,490.5
Public Safety	1,452.7	1,452.7	1,456.7	1,467.7	1,474.5
State Courts	3,471.0	3,471.0	3,497.8	3,490.1	3,503.1
Health and Environment					
Department of Health	3,791.0	3,791.0	3,946.0	3,941.0	4,098.0
Department of Environment	660.5	660.5	671.5	673.0	685.0
Miners Collax Community Hospital	224.0	224.0	224.0	225.0	225.0
Employment and Family Services	618.5	618.5	626.5	624.5	652.5
Natural Resources	967.8	967.8	1,018.8	1,012.3	962.3
Cultural Affairs	507.8	507.8	505.5	536.7	534.2
Business, Labor and Agriculture	1,813.6	1,813.6	1,734.7	1,799.4	1,845.7
Education	350.3	350.3	364.8	418.8	412.2
Transportation	2,489.5	2,489.5	2,502.5	2,502.2	2,504.5
<b>Total Full-Time Equivalent State Employees</b>	<b>25,496.3</b>	<b>25,496.3</b>	<b>25,591.9</b>	<b>25,889.3</b>	<b>26,116.4</b>
Change	0.0%	-0.4%	-1.2%	-0.9%	-3.8%

Source: New Mexico Legislative General Appropriation Act for each fiscal year's annual appropriation. Used FY14 data, FY15 was not available.

Note: During 2006, Adult Protective Services Division was moved to Aging and Long-Term Services Department from Children, Youth, and Families Department.

## SCHEDULE E-1

	Fiscal Year				
	2010	2009	2008	2007	2006
General Government					
Government Operations	1,314.3	1,315.3	1,311.3	1,231.1	1,220.8
Taxation and Revenue	1,280.0	1,206.0	1,241.7	1,124.7	1,109.7
Human Services and Youth Corrections	4,404.6	4,325.1	4,375.1	4,100.1	3,985.1
Adult Corrections	2,538.5	2,538.5	2,538.5	2,473.5	2,326.0
Public Safety	1,578.5	1,574.5	1,595.6	1,520.1	1,476.1
State Courts	3,502.5	3,477.0	3,481.0	3,175.3	2,988.3
Health and Environment					
Department of Health	4,182.0	4,138.0	4,141.0	4,065.5	4,014.5
Department of Environment	720.5	720.5	720.5	664.5	647.5
Miners Collāx Community Hospital	225.0	225.0	225.0	225.0	225.0
Employment and Family Services	698.5	696.5	696.5	674.0	672.0
Natural Resources	1,001.3	993.3	1,041.3	1,002.8	957.7
Cultural Affairs	572.0	551.0	586.0	565.5	561.5
Business, Labor and Agriculture	1,910.7	1,955.3	1,960.1	2,110.2	1,893.7
Education	435.2	423.2	427.8	391.8	386.3
Transportation	2,756.5	2,756.5	2,756.5	2,673.5	2,673.5
<b>Total Full-Time Equivalent State Employees</b>	<b>27,120.1</b>	<b>26,895.7</b>	<b>27,097.9</b>	<b>25,997.6</b>	<b>25,137.7</b>
Change	0.8%	-0.8%	4.1%	3.3%	3.0%

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Government</b>					
<b>Operations</b>					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) <sup>5 7 8 11</sup>	30 <sup>th</sup>	30 <sup>th</sup>	30 <sup>th</sup>	50 <sup>th</sup>	49 <sup>th</sup>
<b>Taxation</b>					
% of Electronically Filed Personal Income Tax Returns <sup>5 6 9 14 15</sup>	90%	90%	85%	82%	63%
% of Motor Vehicle Registrations Issued (with Liability Insurance) <sup>5 6 14 15</sup>	91%	91%	91%	92%	91%
Amount of Delinquent Property Tax Collected and Distributed to Counties (New Measure Fiscal Year 2009, \$ Millions) <sup>8 10 14 15</sup>	13.5	13.5	12.4	11	7
<b>Regulation</b>					
# of Vehicular Port Traffic at New Mexico Ports <sup>5 7 10 14 15</sup>	1,279,179	1,279,179	824,824	766,671	830,000
Nursing Licenses Issued <sup>5 7 10 15</sup>	14,551	14,551	15,081	14,500	13,576
Tri-Annual Physician Licenses Issued <sup>5 7 10 14 15</sup>	3,945	3,945	3,661	3,000	2,707
Biennial Physician Assistant Licenses Issued <sup>5 7 10 15</sup>	436	436	398	225	262
<b>Public Safety</b>					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau <sup>5 7 10 14 15</sup>	18,202	18,202	11,564	35,500	25,000
# of Traffic Fatalities <sup>5 9 14 15</sup>	343	343	304	395	306
# of Driving While Intoxicated Fatalities <sup>5 9 14 15</sup>	137	137	120	169	89
# of Driving While Intoxicated Arrests <sup>5 7</sup>	N/A	N/A	N/A	2,479	3,309
<b>Education</b>					
<b>Public</b>					
# of High School Graduates <sup>1</sup>	25,863	25,170	25,903	20,594	N/A
Student Dropout Rate for Grades 9 - 12 <sup>2</sup>	4.4%	4.7%	4.7%	4.6%	N/A
Public School Capital Outlay Allocation (\$ Millions) <sup>3 4</sup>	895	457	483	136	N/A
<b>Higher</b>					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) <sup>8 10 14 15</sup>	43%	43%	43%	40%	43%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years <sup>5 6 8 10 14 15</sup>	73%	73%	72%	73%	71%

## SCHEDULE E-2

	Fiscal Year				
	2010	2009, as Restated	2008, as Restated	2007, as Restated	2006, as Restated
<b>General Government</b>					
<b>Operations</b>					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) <sup>5 7 8 11</sup>	81 <sup>st</sup>	49 <sup>th</sup>	49 <sup>th</sup>	41 <sup>st</sup>	82 <sup>nd</sup>
<b>Taxation</b>					
% of Electronically Filed Personal Income Tax Returns <sup>5 6 9 14 15</sup>	55%	51%	49%	37%	34%
% of Motor Vehicle Registrations Issued (with Liability Insurance) <sup>5 6 14 15</sup>	91%	91%	89%	89%	87%
Amount of Delinquent Property Tax Collected and Distributed to Counties (New Measure Fiscal Year 2009, \$ Millions) <sup>8 10 14 15</sup>	5	5	NA	NA	NA
<b>Regulation</b>					
# of Vehicular Port Traffic at New Mexico Ports <sup>5 7 10 14 15</sup>	434,061	864,020	742,395	740,931	693,583
Nursing Licenses Issued <sup>5 7 10 15</sup>	NA	13,897	13,930	13,281	11,885
Tri-Annual Physician Licenses Issued <sup>5 7 10 14 15</sup>	2,403	3,546	3,508	2,831	3,010
Biennial Physician Assistant Licenses Issued <sup>5 7 10 15</sup>	230	277	262	245	221
<b>Public Safety</b>					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau <sup>5 7 10 14 15</sup>	18,013	23,453	28,422	25,817	26,196
# of Traffic Fatalities <sup>5 9 14 15</sup>	351	384	371	424	519
# of Driving While Intoxicated Fatalities <sup>5 9 14 15</sup>	147	153	163	137	199
# of Driving While Intoxicated Arrests <sup>5 7</sup>	4,311	3,694	3,363	3,883	3,261
<b>Education</b>					
<b>Public</b>					
# of High School Graduates <sup>1</sup>	NA	19,357	18,588	18,260	17,660
Student Dropout Rate for Grades 9 - 12 <sup>2</sup>	NA	NA	5%	6%	5%
Public School Capital Outlay Allocation (\$ Millions) <sup>3 4</sup>	NA	153	137	160	242
<b>Higher</b>					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) <sup>8 10 14 15</sup>	NA	43%	43%	42%	37%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years <sup>5 6 8 10 14 15</sup>	NA	65%	66%	65%	65%



# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Health and Human Services</b>					
% of Children Receiving Services in Medicaid Managed Care <sup>5 6 10 14 15</sup>	80%	80%	70%	70%	60%
% of Child Support Collected of Support Owed <sup>5 6 9 14 15</sup>	56%	56%	56%	57%	57%
# of Homeless Veterans Provided Shelter (Period of Two Weeks or More) <sup>5 7 8 10 14 15</sup>	360	360	132	173	300
% of Children Adopted within 24 Months of Entry into Foster Care <sup>5 7 8 10 14 15</sup>	32%	32%	31%	35%	28
% of Abused Children with Repeat Maltreatment <sup>5 6 9 14 15</sup>	1%	1%	0%	700%	6%
% of Preschoolers Fully Immunized <sup>5 6 9 14 15</sup>	72%	72%	72%	76%	65%
# of Operating School-Based Health Centers <sup>5 6 13 14 15</sup>	80	80	80	82	84
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) <sup>5 7</sup>	NA	NA	NA	4	4
<b>Corrections</b>					
<b>Juvenile</b>					
% Juveniles Earning Education Credits While Incarcerated <sup>5 6</sup>	NA	NA	NA	55%	47%
% of Juveniles Who Complete Formal Probation <sup>5 6</sup>	NA	NA	NA	90%	92%
% of Juveniles Recommitted to a Youth Detention Facility <sup>5 6 9 14 15</sup>	10%	10%	9%	12%	11%
<b>Adult</b>					
Turnover Rate of Correctional Officers <sup>5 7 9 14 15</sup>	10%	10%	8%	11%	13%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) <sup>5 7 9 14 15</sup>	36%	36%	28%	37%	35%
% of Prisoners Reincarcerated within 36 Months After Release <sup>10 14 1</sup>	47%	47%	47%	40%	40%
<b>Culture and Recreation</b>					
# of Visits to Visitor Information Centers (Millions) <sup>5 7 8</sup>	NA	NA	NA	1.3	1
# of Unique Website Visitor Sessions (Millions) <sup>5 7 8</sup>	NA	NA	NA	2	3
Circulation Rate for New Mexico Magazine <sup>5 7 8 9 14 15</sup>	89,556	89,556	91,197	94,221	90,000
Attendance to Museum Exhibitions, Performances, Films, Programs <sup>5 7 8 10 14 15</sup>	851,101	851,101	826,912	830,000	845,000
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters <sup>5 7 8 10 14 15</sup>	87%	87%	86%	80%	80%
Fish Output from Hatchery System (in Pounds) <sup>5 7 8 10 14 15</sup>	634,779	634,779	621,721	592,247	455,000
# of Visitors to State Parks (Millions) <sup>5 6 8 9 14 15</sup>	4	4	3.8	4	4
<b>Natural Resources, Environment</b>					
# of Inspections of Oil and Gas Wells and Associated Facilities <sup>14 15</sup>	38,920	38,920	37,707	35,147	27,816
% of Required Mine Inspection Conducted <sup>5 7 8 14 15</sup>	100%	100%	100%	100%	100%
% of Abandoned Uranium Mines with Current Site Assessments <sup>5 7 8</sup>	NA	NA	NA	50%	50%
% of Landfills Meeting Groundwater Monitoring Requirements <sup>5 6 14 15</sup>	96%	96%	100%	95%	97%
# of Wildlife Habitat Acres Conserved or Enhanced <sup>8</sup>	N/A	N/A	999	100,000	65,000
# of Threatened/Endangered Species Monitored/Involved in Recovery Process <sup>5 7 8 10 14 15</sup>	35	35	39	35	35

**SCHEDULE E-2 (CONTINUED)**

	Fiscal Year				
	2010	2009, as Restated	2008, as Restated	2007, as Restated	2006, as Restated
<b>Health and Human Services</b>					
% of Children Receiving Services in Medicaid Managed Care <sup>5 6 10 14 15</sup>	60%	60%	64%	65%	55%
% of Child Support Collected of Support Owed <sup>5 6 9 14 15</sup>	58%	59%	58%	56%	54%
# of Homeless Veterans Provided Shelter (Period of Two Weeks or More) <sup>5 7 8 10 14 15</sup>	190	182	222	270	160
% of Children Adopted within 24 Months of Entry into Foster Care <sup>5 7 8 10 14 15</sup>	23%	28%	36%	38%	33%
% of Abused Children with Repeat Maltreatment <sup>5 6 9 14 15</sup>	NA	6%	8%	7%	8%
% of Preschoolers Fully Immunized <sup>5 6 9 14 15</sup>	70%	95%	81%	72%	78%
# of Operating School-Based Health Centers <sup>5 6 13 14 15</sup>	84	84	84	65	66
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) <sup>5 7</sup>	4	4	3	4	4
<b>Corrections</b>					
<b>Juvenile</b>					
% Juveniles Earning Education Credits While Incarcerated <sup>5 6</sup>	60%	38%	75%	84%	72%
% of Juveniles Who Complete Formal Probation <sup>5 6</sup>	90%	91%	90%	91%	90%
% of Juveniles Recommitted to a Youth Detention Facility <sup>5 6 9 14 15</sup>	80%	10%	4%	13%	14%
<b>Adult</b>					
Turnover Rate of Correctional Officers <sup>5 7 9 14 15</sup>	15%	10%	13%	15%	21%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) <sup>5 7 9 14 15</sup>	32%	40%	33%	38%	41%
% of Prisoners Reincarcerated within 36 Months After Release <sup>10 14 15</sup>	44%	46	NA	NA	NA
<b>Culture and Recreation</b>					
# of Visits to Visitor Information Centers (Millions) <sup>5 7 8</sup>	1	1	1	1	1
# of Unique Website Visitor Sessions (Millions) <sup>5 7 8</sup>	2	1	3	5	5
Circulation Rate for New Mexico Magazine <sup>5 7 8 9 14 15</sup>	85,264	85,264	105,665	105,275	107,870
Attendance to Museum Exhibitions, Performances, Films, Programs <sup>5 7 8 10 14 15</sup>	827,281	843,475	840,520	790,175	902,282
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters <sup>5 7 8 10 14 15</sup>	87%	83%	83%	83%	85%
Fish Output from Hatchery System (in Pounds) <sup>5 7 8 10 14 15</sup>	485,375	423,501	451,337	410,579	441,707
# of Visitors to State Parks (Millions) <sup>5 6 8 9 14 15</sup>	5	5	5	4	4
<b>Natural Resources, Environment</b>					
# of Inspections of Oil and Gas Wells and Associated Facilities <sup>14 15</sup>	38,352	38,318	35,169	NA	NA
% of Required Mine Inspection Conducted <sup>5 7 8 14 15</sup>	100%	100%	99%	NA	NA
% of Abandoned Uranium Mines with Current Site Assessments <sup>5 7 8</sup>	70%	23%	NA	NA	NA
% of Landfills Meeting Groundwater Monitoring Requirements <sup>5 6 14 15</sup>	NA	72%	61%	66%	71%
# of Wildlife Habitat Acres Conserved or Enhanced <sup>8</sup>	106,138	76,861	132,00	110,621	106,921
# of Threatened/Endangered Species Monitored/Involved in	46	82	77	69	58

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Business, Labor, and Agriculture</b>					
% of Adults who Entered Employment in 1 <sup>st</sup> Quarter of Receiving Training Services <sup>5 9 14 15</sup>	70%	70%	74%	72%	86%
# of Rural Jobs Created <sup>5 6 9 14 15</sup>	1,562	1,562	1,440	1,542	958
# of Media Industry Worker Days <sup>5 6 9 14 15</sup>	189,782	189,782	216,461	143,046	181,366
Changed to "Direct Spending by Industry productions (\$ Millions)" <sup>14</sup>	162	162	641	674	697
Economic Impact of Media Industry Productions (\$ Millions) <sup>5 6 9 15</sup>					
<b>Highways and Transportation</b>					
# of System wide Miles in Deficient Condition <sup>5 6 9 14 15</sup>	TBD	TBD	8128	3837	3,407
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled <sup>5 7 8 12</sup>	1.58	1.43	<1.5	<1.5	1
# of Statewide Improved Pavement Surface Miles <sup>5 6 9 14 15</sup>	2889	2889	3139	>2,750	4,000

Sources: Various departments of the State of New Mexico

<sup>1</sup> New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates

<sup>2</sup> New Mexico Dropout Report published by New Mexico Public Education Department

<sup>3</sup> Report of the Legislative Finance Committee to the 47th Legislature First Session January 2006, Vol. I, Pg. 105

<sup>4</sup> New Mexico Public Schools Finance Authority

<sup>5</sup> Report of the Legislative Finance Committee to the 47th Legislature Second Session January 2006, Vol. II, Pgs. 57, 63-65, 93, 105, 113, 117, 127, 130, 132, 137, 139, 161, 164, 166, 181, 192-

<sup>6</sup> Report of the Legislative Finance Committee to the 48th Legislature First Session January 2007, Vol. I, Pgs. 123, 128, 130-131, 133-134, 137-139, 142, 144-146

<sup>7</sup> Report of the Legislative Finance Committee to the 48th Legislature Second Session January 2007, Vol. II, Pg. 35, 55, 110, 114, 126, 129, 131, 136, 153, 157, 161, 163, 171, 181, 191-92,

<sup>8</sup> Report of the Legislative Finance Committee to the 50th Legislature Second Session January 2012, Vol. II, Pg. 92, 93, 95, 99, 100, 101, 102, 103, 104, 105, 106, 108, 112, 113, 114, 122, 123,

<sup>9</sup> Report of the Legislative Finance Committee to the 51th Legislature Second Session January 2014, Vol. I, Pg. 89, 98, 99, 100, 101, 105, 108, 112, 115, 116, 124, 125, 132, 133

<sup>10</sup> Report of the Legislative Finance Committee to the 51th Legislature Second Session January 2014, Vol. II, Pg. 41, 59, 121, 150, 157, 159, 185, 230, 276, 278, 283, 330, 332

<sup>11</sup> Pension fund rankings by state - *Crain's Chicago Business*, <http://www.chicagobusiness.com/article/20130110/NEWS07/130109847/pension-fund-rankings-by-state-were-no-50>

<sup>12</sup> New Mexico Transportation By The Numbers:

<sup>13</sup> New Mexico Alliance for School-Based Health Care (NMBHC): '<http://www.nmasbhc.org/index.html>

<sup>14</sup> Report of the Legislative Finance Committee to the 52th Legislature Second Session January 2015, Vol. I, Pg. 88, 90, 98, 99, 100, 101, 105, 108, 112, 113, 116, 117, 121, 122, 123, 129, 130 Vol II pg. 126, 134, 136, 149, 156, 158, 176, 184, 226, 285, 307, 324, 342, 344

<sup>15</sup> The Legislative Finance Committee Report for FY15 had not been released as of 5/25/2016, used FY14 information.

Note: The State of New Mexico passed the Accountability in Government Act, NMSA 6-3A, in 1999. Efforts have been made in identifying and determining performance measurements since that time. Agencies began tracking and calculating these performance measurements beginning in fiscal year 2004; therefore, we are only able to provide five fiscal years of operating indicators at this time. These operating indicators will continue to be tracked in the future in order to reach a ten year historical comparison.

N/A<sup>1</sup> Measure deleted in FY09 and replaced by different criteria.

NA Information not available.

**SCHEDULE E-2 (CONTINUED)**

	Fiscal Year				
	2010	2009, as Restated	2008, as Restated	2007, as Restated	2006, as Restated
<b>Business, Labor, and Agriculture</b>					
% of Adults who Entered Employment in 1 <sup>st</sup> Quarter of Receiving Training Services <sup>5 9 14 15</sup>	57%	83%	86%	85%	80%
# of Rural Jobs Created <sup>5 6 9 14 15</sup>	1,446	1,641	2,200	1,451	2,192
# of Media Industry Worker Days <sup>5 6 9 14 15</sup>	142,524	162,190	110,000	168,046	161,137
Changed to "Direct Spending by Industry productions (\$ Millions)" <sup>14</sup> Economic Impact of Media Industry Productions (\$ Millions) <sup>5 6 9 15</sup>	559	746	175	474	350
<b>Highways and Transportation</b>					
# of System wide Miles in Deficient Condition <sup>5 6 9 14 15</sup>	3,171	2,951	3,468	3,468	3,905
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled <sup>5 7 8 12</sup>	1	1	6	2	2
# of Statewide Improved Pavement Surface Miles <sup>5 6 9 14 15</sup>	2,393	3,764	4,321	2,424	4,144

# STATE OF NEW MEXICO

## CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Government</b>					
Buildings	110	110	110	110	110
<b>Public Safety</b>					
Buildings (not inc. POES)	29	29	29	29	29
Vehicles	921	921	921	921	935
Ports of Entry	16	16	16	16	16
<b>Health and Human Services</b>					
Buildings - General Administrative	34	34	34	34	34
Buildings - Program					
Juvenile Reintegration Center	3	3	3	3	3
Medical Center/Hospital	253	253	253	253	253
Rehabilitation Facility	7	7	7	7	7
Veterans' Center	11	11	11	11	11
Vehicles	426	426	426	426	440
<b>Corrections</b>					
Buildings	330	330	330	330	330
Vehicles	355	355	355	355	369
<b>Culture and Recreation</b>					
Vehicles	45	45	45	45	48
Museums	4	4	4	4	8
Monuments	6	6	6	6	8
<b>Natural Resources, Environment</b>					
Vehicles	380	380	380	380	383
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	171,241	171,241	171,241	171,241	171,241
Fish Hatcheries	6	6	6	6	6
<b>Highways and Transportation</b>					
Highway Lane Miles	26,598	26,598	26,598	26,598	26,598
Vehicles/Heavy Equipment	6,417	6,417	6,417	6,417	6,417

Sources: New Mexico General Services Department, Property Control Division and Public Information Office ; New Mexico Game and Fish Department, Administrative Services Division; New Mexico Energy and Minerals Department, Administrative Services Division; New Mexico Department of Transportation, Office of Employee Support and Development; New Mexico Health and Human Services Department, Administrative Services Division; New Mexico Corrections Department, Administrative Services Division; New Mexico Children, Youth and Families Department, Administrative Services Division; New Mexico Department of Cultural Affairs, Administrative Services Division; State of New Mexico Report of the Legislative Finance Committee to the 47th Legislature Second Session, Vol. III, January 2015, pg. 23

**SCHEDULE E-3**

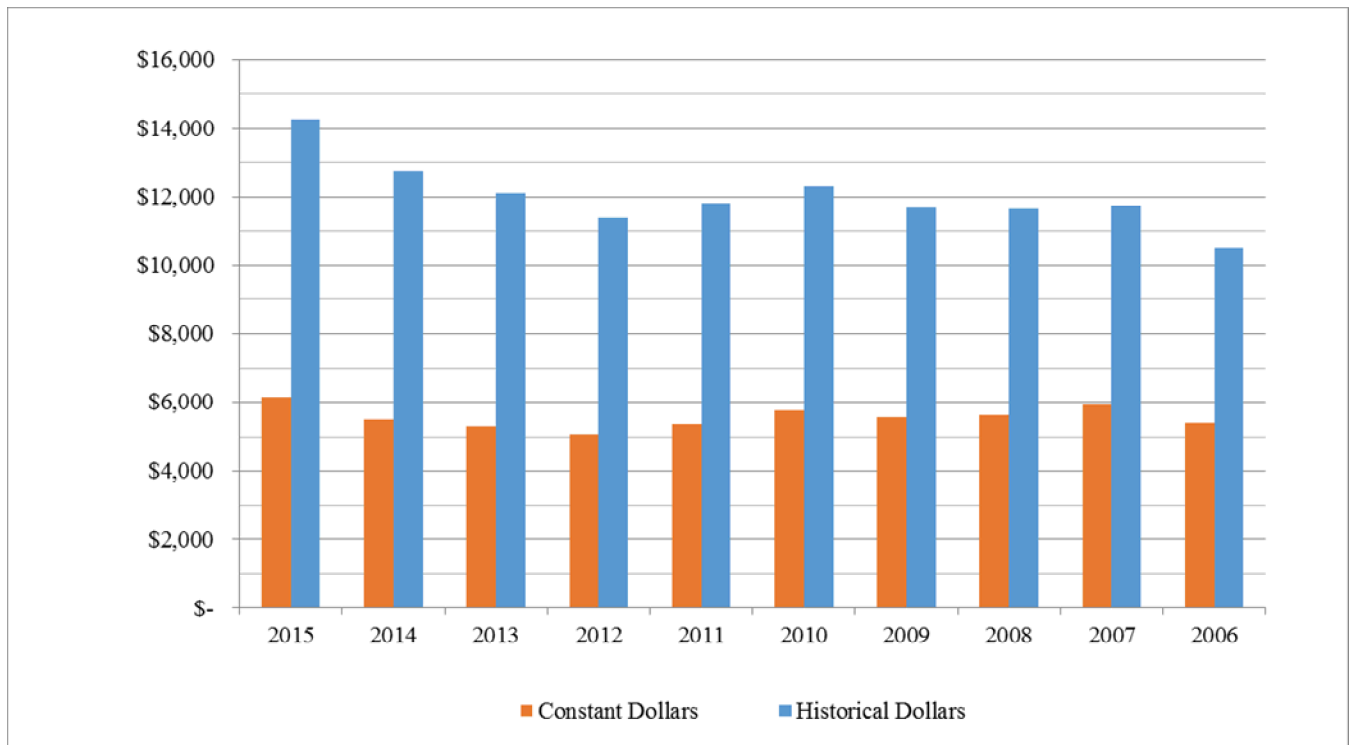
	Fiscal Year				
	2010 as Restated	2009 as Restated	2008 as Restated	2007	2006
<b>General Government</b>					
Buildings	110	110	101	104	99
<b>Public Safety</b>					
Buildings (not inc. POES)	9	8	7	7	7
Vehicles	935	983	926	989	990
Ports of Entry	14	14	13	13	13
<b>Health and Human Services</b>					
Buildings - General Administrative	34	34	32	32	33
Buildings - Program					
Juvenile Reintegration Center	3	3	3	3	3
Medical Center/Hospital	253	253	248	248	255
Rehabilitation Facility	7	7	7	7	7
Veterans' Center	11	11	11	11	11
Vehicles	440	440	417	382	385
<b>Corrections</b>					
Buildings	330	330	326	322	321
Vehicles	369	369	379	300	353
<b>Culture and Recreation</b>					
Vehicles	59	57	57	61	69
Museums	8	8	8	8	8
Monuments	6	6	6	7	6
<b>Natural Resources, Environment</b>					
Vehicles	383	387	383	340	336
State Parks	35	35	34	34	33
Wildlife Management Areas (Acres)	171,241	171,241	171,241	166,000	166,000
Fish Hatcheries	6	6	6	6	6
<b>Highways and Transportation</b>					
Highway Lane Miles	26,598	26,688	30,417	30,417	29,952
Vehicles/Heavy Equipment	6,469	6,300	6,531	6,421	6,421

# STATE OF NEW MEXICO

## EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES

## SCHEDULE F-1

Last Ten Fiscal Years



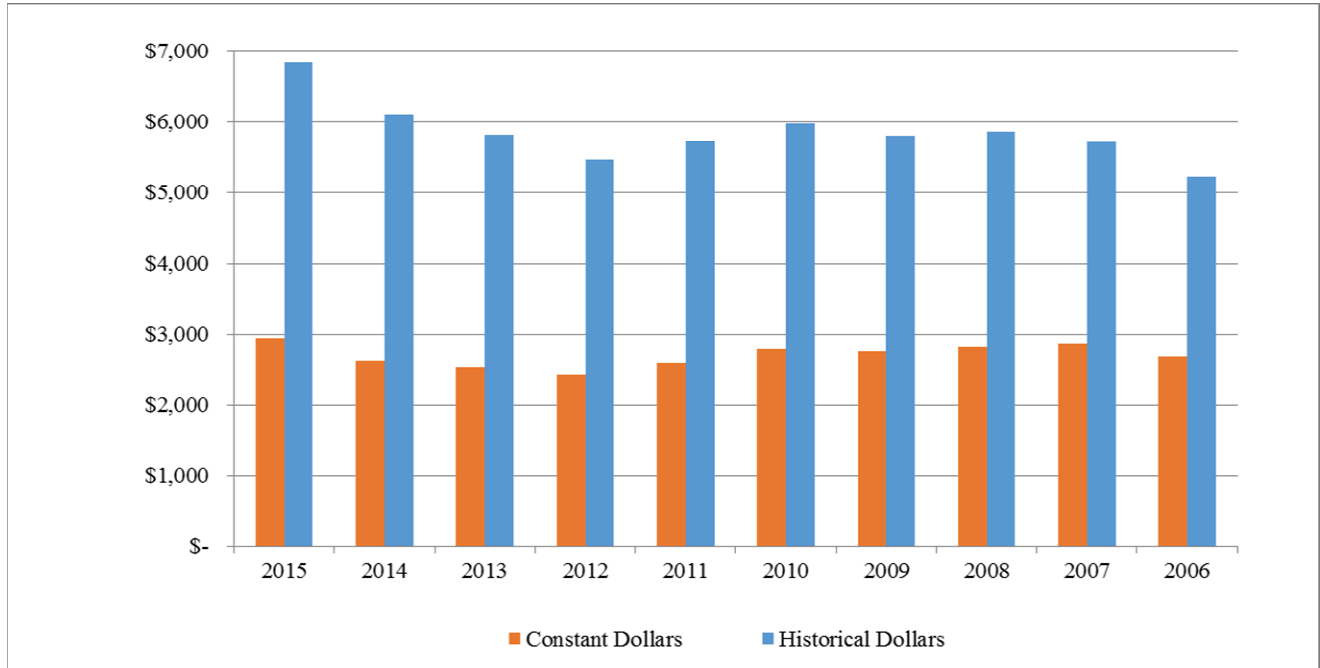
### Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2015	\$ 14,268	12.1%	\$ 6,134	12.0%
2014	12,728	5.1%	5,479	3.5%
2013	12,114	6.4%	5,296	4.8%
2012	11,390	-3.7%	5,055	-5.6%
2011	11,825	-4.0%	5,357	-6.9%
2010	12,316	5.5%	5,757	3.9%
2009	11,671	0.3%	5,543	-1.3%
2008	11,640	-1.1%	5,619	-5.1%
2007	11,764	12.1%	5,922	9.8%
2006	10,495	3.3%	5,393	-0.7%

# STATE OF NEW MEXICO

## PER CAPITA EXPENDITURES HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES Last Ten Fiscal Years

## SCHEDULE F-2



### Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2015	\$ 6,842	12.1%	\$ 2,941	12.0%
2014	6,104	5.1%	2,627	3.4%
2013	5,809	6.4%	2,540	4.8%
2012	5,462	-4.6%	2,424	-6.5%
2011	5,724	-4.3%	2,593	-7.3%
2010	5,981	3.0%	2,796	1.4%
2009	5,807	-1.0%	2,758	-2.6%
2008	5,866	2.7%	2,832	-1.5%
2007	5,713	9.4%	2,876	7.2%
2006	5,220	1.1%	2,682	-2.7%



## OTHER REPORTS

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

The Honorable Susana Martinez, Governor of the State of New Mexico  
Ms. Duffy Rodriguez, Acting Secretary of the New Mexico Department of Finance and Administration,  
Mr. Ronald C. Spilman, State Controller of the New Mexico Department of Finance and Administration, and  
Mr. Timothy Keller, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Mexico (State), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and each of the State's non-major enterprise funds, internal service funds, and each fiduciary fund type presented as supplementary information, and have issued our report thereon dated July 11, 2016. Our report includes reference to other auditors who audited the financial statements of certain agencies and component units, as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report disclaims opinions on certain financial statements because of the matters described in the "Bases for Disclaimer of Opinions" paragraph in our report starting on page 6.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2013-002 and 2013-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-001.

### **The State's Responses to Findings**

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

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**  
Albuquerque, New Mexico  
July 11, 2016

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

### Financial Statement Findings

#### **2013-002 - Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) - Repeated**

**Condition:** During the FY13 audit of the State's financial statements, significant issues surrounding the reporting and recording of interfund/internal/intra-entity balances and transactions were identified. While improvement related to the reporting and recording of interfund/internal/intra-entity balances and transactions was observed during the FY14 and FY15 audits, accounting for interfund/internal/intra-entity balances and transactions remain problematic. The most significant issues regarding interfund/internal/intra-entity transactions and balances are summarized below:

- Interfund/Internal Activity and Balances
  - The State was unable to reconcile all interfund transfers among entities that report within SHARE with supporting documentation for the period in which the transfers were recorded. In addition, there is uncertainty as to the completeness of transfer activity among all components of the State.
  - Educational Institutions which are part of the primary government and are reported as within the State's Proprietary fund interact with other agencies of the State on a regular basis. Educational Institutions accounting activity is supported by ERP software other than SHARE. The State does not have an effective process to identify and eliminate payables/receivables between these proprietary funds and other funds of the State.
  - During the preparation of the State's financial statements, numerous funds are consolidated into single funds of the State. During the consolidation process numerous balances should be reclassified or eliminated to avoid the error of counting a transaction more than once which would affect assets and liabilities within the consolidated fund. Additionally, transfers should also be eliminated when they are among funds that are consolidated. The State doesn't have a reliable process to eliminate or reclassify all balances and activities of funds that are consolidated into a common fund on the State's financial statements. Furthermore, the State doesn't have a process to identify any federal/state funds that are passed through from one fund to another at the business unit level, yet consolidated at the State level, which may result in federal revenues and related expenses that are counted multiple times in the financial statements.

Numerous department/business unit level financial statements report assets within agency funds, as they hold them in a fiduciary capacity. When the State consolidates the various funds of the components of the State, there is not a process to evaluate agency funds as to whether they should remain classified as agency funds in the State's financial statements, or be reclassified into other fund types of the State. The agency fund category of the State, reports approximately \$1.1 billion in assets that are payable to various funds of the State. In addition, the agency fund includes approximately \$262 million in assets reported from the State Land Office, which are reported as assets held in trust for the beneficiaries of the Land Grant Fund, all of the beneficiaries are components of the State, yet the State doesn't have a corresponding receivable for these assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. For the two examples above, 50% of the assets reported in the agency fund were actually assets of the reporting entity. Reporting these assets as fiduciary understates the assets of the consolidated state entity.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

### Financial Statement Findings (Continued)

#### **2013-002 - Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) – Repeated (Continued)**

- Intra-Entity Activity and Balances
  - The State does not have a process to ensure the reporting of all receivables and payables between the primary government and component units are accurately reflected in the State's financials as required.
  - The State does not have a process to identify significant transactions between the primary government and component units to report the nature and amount of such transactions.

**Criteria:** Per Section 6-5-2 NMSA 1978, the (Financial Control) Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements, which should be prepared in accordance with generally accepted accounting principles.

Per NCGAS 1 Governmental Accounting and Financial Reporting Principles

- Transfers should be recognized in the accounting period in which the interfund receivable and payable arise and requires that a government accrue a governmental fund liability and expenditure for most expenditures and transfers in the period in which the government incurs the liability. Furthermore, transfers of financial resources among funds should be recognized in all funds affected in the period in which the interfund receivable(s) and payable(s) arise.

Per GASB 34 Para 112

- Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. It includes: (1) Interfund transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. This category includes payments in lieu of taxes that are not payments for, and are not reasonably equivalent in value to, services provided. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers should be reported after non-operating revenues and expenses.

Per GASB 34 Para 58

- Amounts of receivables and payables between the primary government and fiduciary funds are reported as receivable from and payable to external parties.

Per GASB 34 Para 57

- Paragraph 57 States "In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds should be eliminated or reclassified." This same approach should be applied at the fund financial statement level.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

### Financial Statement Findings (Continued)

#### **2013-002 - Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) – Repeated (Continued)**

Per GASB 34 Para 61

- Resource flows (except those that affect the balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units should be reported as if they were external transactions—that is, as revenues and expenses. However, amounts payable and receivable between the primary government and its discretely presented component units or between those components should be reported on a separate line.

Per GASB 34 Para 69

- Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Per GASB 34 Para 128

- In addition to the financial statement information required by paragraph 126, the notes to the financial statements should disclose, for each major component unit, the nature and amount of significant transactions with the primary government and other component units.

**Cause:** Historically, financial reporting for the State has been de-centralized and each component of the State has established its own policies and procedures regarding the accounting treatment of interagency transactions, without regard for the State's financials as a whole. The State Financial Reporting and Accountability Bureau (SFRAB) within the Financial Control Division, as the oversight entity, initially began establishing and communicating policies and procedures with all components of the State to ensure transactions are recorded in a consistent manner and that the necessary information was transmitted to the SFRAB beginning in 2014. Additional policies and procedures continue to be developed.

**Effect:** The State is unable to properly prepare timely financial statements in accordance with generally accepted accounting principles. These issues led to the opinion modifications on the State's financial statements.

**Auditors' Recommendation:** We recommend the SFRAB evaluate the nature of all significant transactions among the various components of the State that comprise the interfund/internal/intra-entity activity and balances within the State's financial statements and 1) determine the proper accounting treatment for the various types of transactions; 2) develop policies and procedures for all of these related transactions, which include proper recording in SHARE and year-end reporting packages from the non-SHARE entities; 3) communicate these procedures to all components of the State; and 4) establish procedures to monitor this activity monthly, which allow the SFRAB and the components to identify and address differences in these transactions among the components in a timely manner. In

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

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### Financial Statement Findings (Continued)

#### **2013-002 - Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) – Repeated (Continued)**

addition, the SFRAB shall establish procedures for properly consolidating and eliminating these transactions in the State's financial statements to properly report interfund/internal/intra-entity balances and activity for the State as a whole. This would include establishing procedures for identifying valid timing differences which may exist between components and which would be reconciling items between the State's financial statements and the component level financial statements.

**Management's Response:** Management agrees with this finding and continues to modify the Model Accounting Practices (MAPs) that are used within the State's ERP system, SHARE, as well as supplemental procedures and requirements for entities that are part of the primary government or component units whose accounting processes are supported in systems other than SHARE. It is recognized that proper classification and subsequent eliminations can only be achieved if transactions are properly identified and classified. Revisions to accounting practices and transaction recording requirements have been implemented and continue to be refined. Furthermore, implementation of the Hyperion Financial Reporting software, the addition of two new SFRAB staff members and enhanced accounting data validation logic, part of the Cash Remediation II project should all aid to address this issue. However, complete resolution may require multiple CAFR cycles as other additional factors become apparent as progress is achieved.

#### **2013-005 Internal Control over Financial Reporting (Material Weakness) - Repeated**

**Condition:** During the audit we evaluated the State's internal controls over financial reporting, which revealed that the State's internal controls over financial reporting were not adequate to ensure preparation of financial statements for the State in accordance with generally accepted accounting principles. The following are some of the issues encountered during the audit, which illustrate the need for enhanced controls over financial reporting for the State in preparing financial statements in accordance with generally accepted accounting principles and the New Mexico State Audit Rule:

- The SFRAB is unable to properly prepare timely and accurate financial statements for the State in accordance with generally accepted accounting principles.
- The SFRAB lacks a comprehensive documented policies and procedures related to the processes used in preparing the State's financial statements.
- State Financial Reporting has historically been de-centralized, in which the individual audited entities of the State have determined the accounting treatment, timing and recognition of transactions, and when implementation of new GASB statements would occur. The de-centralized approach fosters inconsistencies across agencies and complicates the State's financial statement consolidation process when transactions are consolidated into a single report for the State.
- We noted instances of activity and balances within SHARE but not in the financial statements of an audited entity.



# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

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### Financial Statement Findings (Continued)

#### **2013-005 Internal Control over Financial Reporting (Material Weakness) – Repeated (Continued)**

- Inconsistent use among funds in the presentation of interests in the local government investment pool. In some funds this was separately classified, while in other funds it was either included in cash/cash equivalents or investments.
- Excessive number of entity-level restatements and audit adjustments/reclassifications identified by the SFRAB and the auditors during the audit.
- During our review of the State's financial statements, various inconsistencies and/or misclassifications were identified and remain uncorrected.
- The State has not considered and prepared all necessary consolidating/eliminating journal entries required in the State's financial statements.
- When posting the full accrual adjustments to the fund statements, the entries contained numerous errors, the financial statements contain a \$10M misstatement in the other obligations of the governmental activities.
- The State's financial statements contain excessive rounding errors throughout the financial statements and related notes.

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements, which should be prepared in accordance with generally accepted accounting principles.

**Cause:** As identified in the FY13 audit, a primary factor contributing to the issues identified with the State's financial statement preparation process is the cumbersome process used to produce the State's financial statements, which was improved for FY15 with the implementation of Hyperion. Although the SFRAB has been addressing the issues identified during the FY13/FY14 audit, the State's financial reporting is still very de-centralized among all components that are included in the State's financial statements. The process to standardize the various inconsistencies among the component financial information is a very time consuming component of the financial preparation process.

**Effect:** The State of New Mexico is unable to properly prepare financial statements in accordance with generally accepted accounting principles in a timely manner. Furthermore, these issues led to the opinion modifications on the State's financial statements.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

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### Financial Statement Findings (Continued)

#### **2013-005 Internal Control over Financial Reporting (Material Weakness) – Repeated (Continued)**

**Recommendation:** Although the State faces many challenges in its effort to resolve the issues identified with the financial reporting process we did observe that improvement has been made since the FY13/FY14 audits. Furthermore, we recognize that the process to completely address the deficiencies in the reporting process will be a gradual and evolutionary in nature consisting of constant refinements of the processes, procedures and system configuration over time. With the implementation of Hyperion for FY15, we recommend the SFRAB continue to improve on using the full functionality of the system to eliminate as many of the manual processes as possible. In addition, the SFRAB should attempt to prioritize the issues with the State's financial reporting process and establish appropriate controls and procedures to resolve each deficiency in the reporting process.

**Management's Response:** Management agrees with this finding. The State historically has had a decentralized approach to the financial statement preparation process. In 2014, after the FY13 audit, the SFRAB began to modify and develop accounting policies and procedures to facilitate CAFR preparation.

With a focus on enhancing data integrity and traceability, SHARE became the ultimate book of record for all state agencies in FY14, with all financial statements contained in the independent stand-alone audits matched the financial data in SHARE in FY15.

Using funding obtained during the prior two Legislative sessions, DFA purchased, configured and implemented the Hyperion Financial Reporting software to assist with the preparation of the FY15 and future CAFRs. While implementation occurred very late in the FY15 production cycle, the software's potential to expedite future CAFR production was very apparent and encouraging. Additionally, the second phase of the Cash Management Remediation Project has been completed and along with a number of upgrades, such as improved accounting transaction validation. This preventive control should address some of the issues noted by making necessary transactional identification data mandatory. Finally, additional staff has been added to the Bureau, providing much needed staff to oversee agency and entity financial activity.

### Compliance and Other Matters

#### **2015-001 Late Submission of Audit Report (Compliance and Other Matters)**

**Condition:** The audit report for the CAFR for the year ended June 30, 2015 was not submitted by Statutory due date of February 15, 2016.

**Criteria:** Audit reports not received on or before the due date are considered to be in non-compliance with the requirements of Section 2.2.2.9.A of the State Audit Rule.

**Cause:** While there were numerous reasons for the untimely submission of the State CAFR, the two primary causes for delinquent submission were the timing of the receipt of agency audited financial statements and the extensive amount of work performed by the SFRAB on numerous agency financial statements from the time of release of the reports from the State Auditor and continuing throughout the preparation of the State's financial statements.

**Effect:** Non-compliance with the State Audit Rule; and the users of the State's financial statements did not receive the financial information in a timely manner.

# STATE OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2015

### Financial Statement Findings (Continued)

### Compliance and Other Matters (Continued)

#### **2015-001 Late Submission of Audit Report (Compliance and Other Matters) (Continued)**

**Recommendation:** We recommend the State continue its efforts in improving the financial reporting process by working with State Financial Reporting Entities and the State Auditor to allow for timely submission in subsequent years.

**Management's Response:** Management agrees that timely issuance of financial statements enhances reporting usefulness. The financial statements presented within the CAFR are an amalgamation of primary government agencies, educational institutions designated under the constitution and discrete component units of the State, which under statute are all individually audited. The audit of the CAFR applies the group audit approach and is dependent on the results and timeliness of the underlying audits. While the Financial Control Division took action to automate the production of the CAFR this year and the state has implemented steps to expedite completion and release of the underlying agency audits, including a required fifteen day acceleration of the submission date for audited financial statements by the Office of the State Auditor (OSA), we were unable to meet the established February 15 due date. Although CAFR preparation commenced prior to mid-February, there was a need to update, reanalyze and modify all schedules as additional unit audits were released.

To address CAFR timeliness, we will revisit the FY17 close schedule and work with the OSA to determine feasibility of further acceleration of agency financial statement submissions. Additionally, given the importance that all agencies hold to the financial reporting schedule, incremental monitoring will be implemented. We believe that the January 2016 implementation of the Hyperion Financial Reporting Software and the addition of SFRAB staff will expedite financial statement consolidation and result in faster CAFR production in coming years.

# STATE OF NEW MEXICO

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## STATUS OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED JUNE 30, 2015

### Financial Statement Findings

2013-001 - Book to Bank Reconciliation – General Fund Investment Pool – FCD (Material Weakness) – Resolved

2013-002 - Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) – Repeated

2013-005 Internal Control over Financial Reporting (Material Weakness) – Repeated

2014-001 Financial Reporting of the Educational Institutions (Material Weakness) – Resolved

# STATE OF NEW MEXICO

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## EXIT CONFERENCE YEAR ENDED JUNE 30, 2015

An exit conference was held with the State on July 11, 2016. The conference was held at the offices of the State of New Mexico Department of Finance and Administration in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

### STATE OF NEW MEXICO

Duffy Rodriguez, Acting Cabinet Secretary, NM Department of Finance and Administration  
Ron Spilman, State Controller, NM Department of Finance and Administration  
Renaee Herndon-Lopez, CAFR Unit Accountant, NM Department of Finance and Administration

### CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGFM, Principal  
Matt Bone, CPA, CGFM, CGMA, Principal  
Laura Beltran-Schmitz, CPA, CFE, CGFM, CICA

### PREPARATION OF THE FINANCIAL STATEMENTS

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

NEW MEXICO FISH - CUTTHROAT TROUT



NEW MEXICO VEGETABLE - CHILE



**NEW MEXICO DEPARTMENT  
OF  
FINANCE AND ADMINISTRATION**

**FINANCIAL CONTROL DIVISION  
BATAAN MEMORIAL BUILDING  
407 GALISTEO STREET  
SANTA FE, NM 87501**

NEW MEXICO VEGETABLE - PINTO BEAN



NEW MEXICO GEM - TURQUOISE

