



**STATE  
OF  
NEW MEXICO**

**COMPREHESIVE  
ANNUAL  
FINANCIAL REPORT**

**FOR THE  
FISCAL YEAR ENDED  
June 30, 2002**

Photo Courtesy of the New Mexico Department of Tourism—Mark Nohl Photographer

STATE OF NEW MEXICO

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended  
June 30, 2002



Bill Richardson, Governor

*Prepared by Department of Finance and Administration*

*James C. Jimenez  
Cabinet Secretary*

*Anthony I. Armijo, CPA  
State Controller*

**State of New Mexico**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2002

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Bill Richardson  
Governor



James C. Jimenez  
Cabinet Secretary

Anthony I Armijo, CPA  
State Controller

STATE OF NEW MEXICO  
FINANCIAL CONTROL DIVISION, OFFICE OF THE STATE CONTROLLER  
DEPARTMENT OF FINANCE AND ADMINISTRATION

March 18, 2003

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

We are pleased to present the State of New Mexico's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002. The CAFR is the State's official annual report. Both state law and accounting principles generally accepted in the United States of America require the State to prepare and publish the report each year (Section 6-5-2.1D, NMSA, 1978, as amended, and Governmental Accounting Standards Board Codification Section 2200).

This year, the State has achieved two important milestones in its efforts to improve its CAFR. First, independent accountants have reviewed the CAFR. Second, the CAFR was prepared in conformance with Governmental Accounting Standards Board (GASB) Statement Number 34. Accountability is a paramount objective of governmental financial reporting and of Governor Bill Richardson's. By applying the provisions of GASB Statement 34, the State is better able to achieve this objective by enhancing the understandability and usefulness of its financial statements.

The CAFR includes an introductory, financial, and statistical section. The introductory section includes a table of contents, this letter, a list of selected elected officials and an organization chart of the State. The financial section includes the independent accountants' report, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information other than MD&A and combining statements. The statistical section includes data on revenues by source and expenditures by function, a schedule of revenues, and revenues by expense and type for the retirement systems.

The purpose of the CAFR is to report the financial position and results of operation of the State of New Mexico and provide an overview of its discretely presented component units. The State of New Mexico has two such units, the New Mexico Finance Authority and the New Mexico Mortgage Finance Authority.

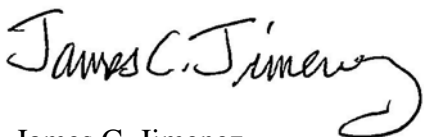
The MD&A included in the introductory section of the CAFR provides an analysis of the State of New Mexico's financial activities. The following background information will augment your understanding of that information. New Mexico became a state in 1912. In the 2000 Census, New Mexico's population was 1.8 million. New Mexico is the second largest state in natural gas production and the fifth largest in crude oil production. Agriculture and extraction of natural resources is an important part of New Mexico's economic base. However, the service and government sectors are the State's largest employers.

Hi-tech production and research and development play an important part in New Mexico's economy. Santa Fe, the state capitol, is home to over thirty biotech firms; Los Alamos and Albuquerque are home two national laboratories: Los Alamos National Laboratory and Sandia National Laboratory. New Mexico is also home to several precision optic labs, including the Air Force Research Lab at Kirtland Air Force Base.

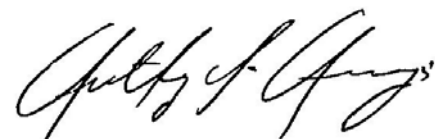
The State continues to enjoy high bond ratings indicative of its very strong capacity to meet financial commitments. The State New Mexico is one of the few states with a general fund that has a surplus. These factors are the result of the State's continuing commitment to sound fiscal management.

The 2002 CAFR shows the commitment of Governor Bill Richardson and his administration to inform and clearly show the financial position of our State to the citizenry and the financial community. Considerable effort went into preparing and publishing the CAFR: the independent accountants, Neff + Ricci LLP, deserve special recognition for the number of hours they committed to the project, a level of effort much of which could be considered community service. The staff of the Financial Control Division of the New Mexico Department of Finance and Administration also deserves special recognition. Their efforts resulted in the savings used to fund the preparation and review of the 2002 CAFR.

Respectfully submitted,



James C. Jimenez  
Cabinet Secretary



Anthony I. Armijo, CPA  
State Controller

**STATE OF NEW MEXICO**  
**June 30, 2002**

**Selected State Officials**

**Executive** \_\_\_\_\_

**Gary Johnson**, Governor • **Walter D. Bradley**, Lieutenant Governor • **Rebecca Vigil-Giron**, Secretary of State • **Patricia A. Madrid**, Attorney General • **Domingo Martinez**, State Auditor • **Ray Powell**, Commissioner of Public Lands • **Michael Montoya**, State Treasurer • **Herb H. Hughes**, Public Regulations Commission • **Rory McMinn**, Public Regulations Commission • **Jerome D. Block**, Public Regulations Commission • **Lynda M. Lovejoy**, Public Regulations Commission • **Tony Shaefer**, Public Regulations Commission

**Judicial** \_\_\_\_\_

**Patricio M. Serna**, Justice of the Supreme Court • **Joseph F. Baca**, Justice of the Supreme Court • **Gene E. Franchini**, Justice of the Supreme Court • **Pamela B. Minzner**, Justice of the Supreme Court • **Petra J. Maes**, Justice of the Supreme Court • **Richard C. Bosson**, Judge of the Court of Appeals • **A. Joseph Alarid**, Judge of the Court of Appeals • **Lynn Pickard**, Judge of the Court of Appeals • **James J. Wechsler**, Judge of the Court of Appeals • **Michael D. Bustamante**, Judge of the Court of Appeals • **M. Christina Armijo**, Judge of the Court of Appeals • **Jonathan B. Sutin**, Judge of the Court of Appeals • **Cynthia A. Fry**, Judge of the Court of Appeals • **Ira Robinson**, Judge of the Court of Appeals • **Cecilia Foy Castillo**, Judge of the Court of Appeals

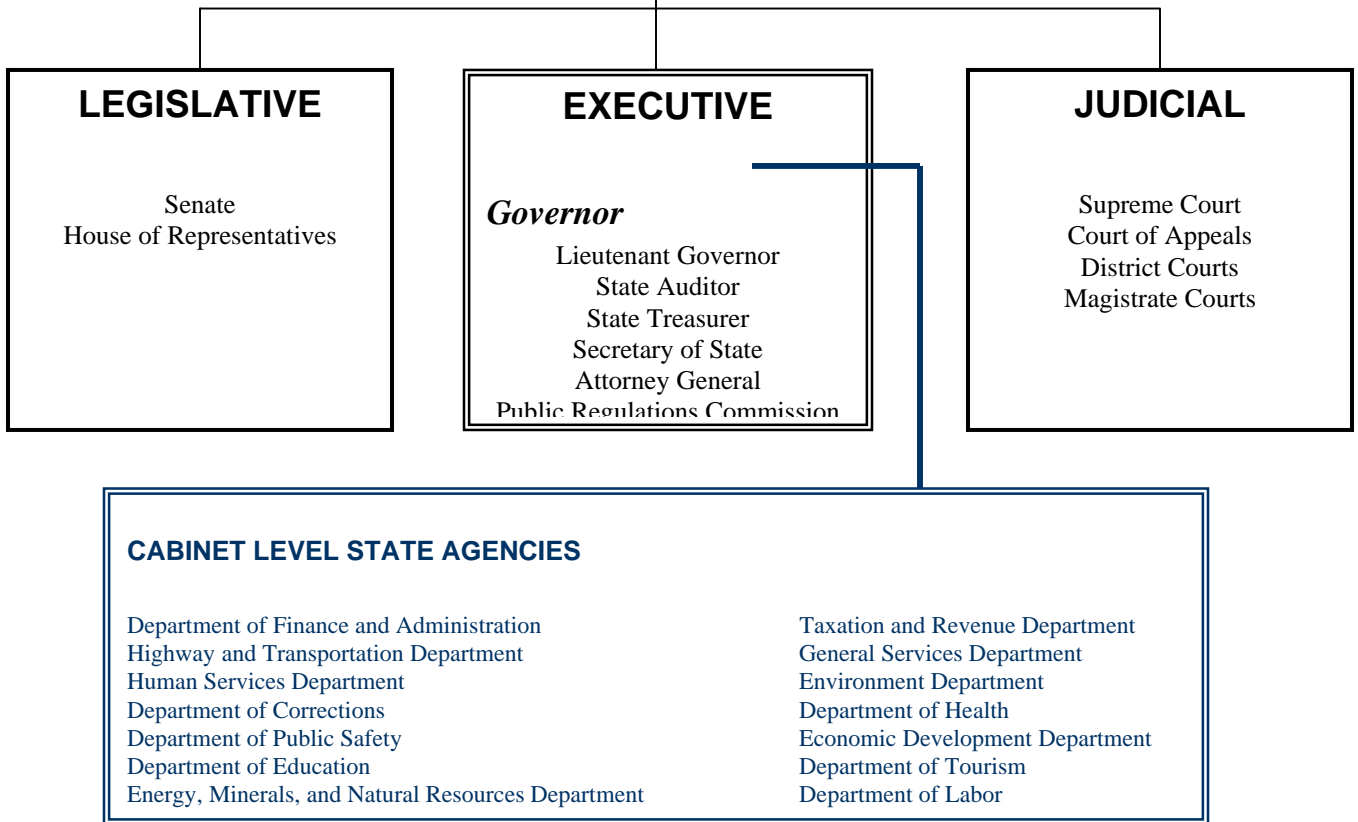
**Legislative** \_\_\_\_\_

Senate: **Richard M. Romero**, President Pro-Tempore • **Timothy Z. Jennings**, Majority Floor Leader • **Stuart Ingle**, Minority Floor Leader • **Mary Jane M. Garcia**, Majority Whip • **Leonard Lee Rawson**, Minority Whip • **Linda M. Lopez**, Caucus Chair • **Patrick H. Lyons**, Caucus Chair

House of Representatives: **Ben Lujan**, Speaker of the House • **Danice Picraux**, Majority Floor Leader • **Ted Hobbs**, Minority Floor Leader • **James G. Taylor**, Majority Whip • **Earlene Roberts**, Minority Whip • **John A. Heaton**, Caucus Chair • **Larry A. Larranaga**, Caucus Chair

# Organizational Chart

New Mexico







**FINANCIAL  
SECTION**

## **Independent Accountants' Report**

The Honorable Bill Richardson, Governor of the State of New Mexico  
Mr. James Jimenez, Secretary of the  
New Mexico Department of Finance and Administration,  
Anthony I. Armijo, CPA, Director/State Controller, and  
Mr. Domingo Martinez, CGFM  
New Mexico State Auditor

We have reviewed the accompanying basic financial statements of the governmental activities, the business-type activities, the 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, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. Our review was conducted in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the responsibility of management of the State of New Mexico.

A review consists principally of inquiries of government personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Supporting documentation for recorded expenditures and related federal revenues of approximately \$245 million in the Temporary Assistance to Needy Families federal program was not available in the Health and Human Services Fund. In addition, management of the Department has not adopted a methodology for recording receivables from certain federal program participants. Rather, the Health and Human Services Fund records such revenue on the cash basis which is not in accordance with accounting principles generally accepted in the United States of America and the amount of such departure is not reasonably determinable.

We were unable to obtain sufficient evidence as accounting records related to certain fiduciary funds at the Taxation and Revenue Department. As a result, we were unable to determine the disposition of taxes to payees including taxes due to the State General Fund.

The Honorable Bill Richardson, Governor of the State of New Mexico  
Mr. James Jimenez, Secretary of the  
New Mexico Department of Finance and Administration,  
Anthony I. Armijo, CPA, Director/State Controller, and  
Mr. Domingo Martinez, CGFM  
New Mexico State Auditor

The financial statements do not include the Section 529 Trust Plan of the New Mexico Education Trust Board.

Based on our review, except for the effects of the matters discussed in the preceding three paragraphs, we are not aware of any material modifications that should be made to the accompanying basic financial statements or combining financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis Schedule of Funding Progress for Employee Retirement Systems and Plans, and Budgetary Comparison Information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not review the information and express no opinion on it.

The accompanying statistical information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and, accordingly, we express no opinion on them.

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

Albuquerque, New Mexico  
December 19, 2003

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

The following is a discussion and analysis of the State of New Mexico (State)'s financial performance that provides an overview of the activities for the fiscal year ended June 30, 2002. This discussion and analysis should be read in conjunction with State's financial statements and the notes to the basic financial statements, which begin after this section.

The State's basic financial statements are presented within the financial section of this Comprehensive Annual Financial Report (CAFR). The components of the financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI)

The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of State's financial activities. Because fiscal year ended June 30, 2002 is the first year in which the State implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, this MD&A does not provide comparisons with the previous year. Future reports will provide such comparisons.

**Overview of the Financial Statements**

The State's basic financial statements comprise the following elements:

**Government-Wide Financial Statements**

Government-wide financial statements provide both long-term and short-term information about the State's overall financial condition.

Changes in the State's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the State's net assets changed during the fiscal year are presented in the Statement of Activities.

**Fund Financial Statements**

Fund financial statements focus on individual parts of the State, reporting the State's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary and fiduciary funds.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

<b>Table 1: Major Features of the Basic Financial Statements</b>				
	<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire State government (except fiduciary funds) and State's component units	Activities of the State that are not proprietary or fiduciary	Activities of the State that are operated similar to private businesses	Instances in which the State is the trustee or agent for someone else's resources
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>• Revenues for which cash is received during or soon after the end of the year</li> <li>• Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Condensed Financial Information**

**Condensed Statement of Net Assets**

The largest component (\$8,101 million) of the State's net assets is its investment in capital assets (e.g. land, infrastructure, buildings, equipment and others), net of any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to the citizens and businesses in the State; consequently, these net assets are not available for future spending. Restricted net assets are the next largest component, totaling \$5,850 million. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets is unrestricted, which can be used to finance government operations.

Table 2 below presents the State's condensed Statement of Net Assets as of June 30, 2002, derived from the government-wide Statement of Net Assets.

**Table 2: Condensed Statement of Net Assets  
As of June 30, 2002  
(in thousands)**

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 7,232,326	2,669,991	9,902,317
Capital assets, net	8,578,045	1,118,774	9,696,819
Total assets	<u>15,810,371</u>	<u>3,788,765</u>	<u>19,599,136</u>
Current liabilities	1,557,731	369,218	1,926,949
Long-term liabilities	1,537,918	368,304	1,906,222
Total liabilities	<u>3,095,649</u>	<u>737,522</u>	<u>3,833,171</u>
Net assets			
Invested in capital assets, net of related debt	7,226,617	874,302	8,100,919
Restricted	4,166,965	1,682,804	5,849,769
Unrestricted	<u>1,321,140</u>	<u>494,137</u>	<u>1,815,277</u>
Total net assets	<u>\$ 12,714,722</u>	<u>3,051,243</u>	<u>15,765,965</u>

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Condensed Statement of Activities**

Table 3 below presents the State's condensed Statement of Activities for the fiscal year ended June 30, 2002, as derived from the government-wide Statement of Activities.

Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities decreased by \$958 million or 7.01%, and the net assets of the business-type activities decreased by \$6 million or .20%.

<b>Table 3: Condensed Statement of Activities</b>			
<b>As of June 30, 2002</b>			
<b>(in thousands)</b>			
	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 720,718	1,196,953	1,917,671
Operating grants and contributions	2,413,596	-	2,413,596
Capital grants and contributions	334,663	6,519	341,182
Total program revenues	<u>3,468,977</u>	<u>1,203,472</u>	<u>4,672,449</u>
General revenues			
Individual income tax	1,009,224	-	1,009,224
Corporate income tax	138,078	-	138,078
Sales and use tax	303,615	-	303,615
Business privilege tax	1,305,730	-	1,305,730
Severance tax	194,347	-	194,347
Other taxes	488,548	-	488,548
Non-operating grants and contracts	-	534,293	534,293
Investment income (loss)	169,647	(55,987)	113,660
Other (expenses) revenues	27,775	115,727	143,502
Total general revenues	<u>3,636,964</u>	<u>594,033</u>	<u>4,230,997</u>
Total revenues	<u>7,105,941</u>	<u>1,797,505</u>	<u>8,903,446</u>
<b>Program Expenses</b>			
General government	367,506	-	367,506
Culture, Recreation, and Natural Resources	169,027	-	169,027
Highway and Transportation	875,972	-	875,972
Judicial	153,391	-	153,391
Legislative	11,874	-	11,874
Public Safety	323,909	-	323,909
Commerce and Industry	100,022	-	100,022
Health and Human Services	3,148,466	-	3,148,466
Education	2,336,909	-	2,336,909
Unemployment Compensation	-	135,748	135,748
Colleges and Universities	-	1,733,310	1,733,310
Other	92,062	419,484	511,546
Total program expenses	<u>7,579,138</u>	<u>2,288,542</u>	<u>9,867,680</u>
Deficiency before transfers	(473,197)	(491,037)	(964,234)
Transfers	(484,860)	484,860	-
Change in net assets	(958,057)	(6,177)	(964,234)
Beginning net assets, restated	<u>13,672,779</u>	<u>3,057,420</u>	<u>16,730,199</u>
Ending net assets	<u>\$ 12,714,722</u>	<u>3,051,243</u>	<u>15,765,965</u>

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Program Expenses and Revenues for Governmental Activities**

Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

**Table 4: Program Expenses and Revenues for  
Governmental Activities  
As of June 30, 2002  
(in thousands)**

	Program Expenses	Program Revenues	(Expenses) Revenues (a)
State Programs			
General Government	\$ 367,506	456,595	89,089
Culture, Recreation, and Natural Resources	169,027	69,913	(99,114)
Highway and Transportation	875,972	345,850	(530,122)
Judicial	153,391	20,309	(133,082)
Legislature	11,874	-	(11,874)
Public Safety	323,909	30,091	(293,818)
Commerce and Industry	100,022	19,771	(80,251)
Health and Human Services	3,148,466	2,213,900	(934,566)
Education	2,336,909	312,548	(2,024,361)
Interest	92,062	-	(92,062)
Totals	<u>\$ 7,579,138</u>	<u>3,468,977</u>	<u>(4,110,161)</u>

(a) Net Program Expenses are mainly supported by taxes.



**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Program Expenses and Revenues for Business-type Activities**

Table 5 below presents program expenses and revenues for business-type activities. With the exception of unemployment compensation, program revenues generated from business-type activities were sufficient to cover program expenses. Unemployment compensation expenses not covered by program revenues are supported by fund reserves.

**Table 5: Program Expenses and Revenues for Business-type Activities  
As of June 30, 2002  
(in thousands)**

	Program Expenses	Program Revenues	(Expenses) Revenues
State Programs			
Unemployment Insurance Trust Fund	\$ 135,748	134,108	(1,640)
Educational Institutions	1,733,310	630,015	(1,103,295)
Other	419,484	439,349	19,865
Totals	<u>\$ 2,288,542</u>	<u>1,203,472</u>	<u>(1,085,070)</u>

**Overall Analysis**

Financial highlights for the State as a whole during the fiscal year ended June 30, 2002, include the following:

- The assets of the State exceeded its liabilities (net assets) at the close of the fiscal year by \$12,714 million for governmental activities and by \$3,051 million for business-type activities.
- The State's total net assets decreased during the year by \$964 million. Net assets of governmental activities decreased by \$958 million, while net assets of business-type activities decreased by \$6 million. Net assets of the State decreased primarily due to unrealized losses on investments.

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Fund Analysis**

Funds that experienced significant changes during the year are as follows:

**Governmental Funds**

As of the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$5,623 million with \$298 million reported as unreserved fund balance, \$237 million reported as unreserved for various purposes, \$980 million reserved for specific purposes, and the remaining amount of \$4,108 million segregated for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

*General Fund.* Fund balance at June 30, 2002 totaled \$496 million, a decrease of \$116 million during the fiscal year. The decrease is the result of \$116 million of expenditures exceeding revenue.

*Education.* Fund balance at June 30, 2002 totaled \$309 million, an increase of \$139 million during the fiscal year. The increase, in part, relates to certain bond proceeds received during the year but not expended.

*Health & Human Services.* Fund balance at June 30, 2002 totaled \$83 million, a decrease of \$33 million during the fiscal year. The decrease primarily relates to the unanticipated increases in medicaid expenditures.

*Highway & Transportation.* Fund balance at June 30, 2002 totaled \$409 million, an increase of \$15 million. The increase relates, in part, to the recording of certain bond proceeds received during the year but not expended.

*Severance Tax Permanent Fund.* Fund balance at June 30, 2002 totaled \$3,403 million, a decrease of \$459 million. The decrease related, in part, to unrealized losses on investments.

*Land Grant Permanent Fund.* Fund balance at June 30, 2002 totaled \$456 million, a decrease of \$47 million. The decrease related, in part, to unrealized losses on investments.

**Proprietary Funds**

The State's proprietary funds reported net assets of \$2,786 million, including \$2,716 million for enterprise funds and \$70 million for internal service funds.

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

*Unemployment Compensation.* Net assets at June 30, 2002 totaled \$580 million, a decrease of \$2 million during the fiscal year. The decrease primarily relates to unemployment benefits exceeding related revenues.

*Educational Institutions.* Net assets at June 30, 2002 totaled \$3,117 million. Current period activity decreased the net assets of the State's educational institutions by \$29 million. The State transferred \$483 million to the State's educational institutions from the General Fund.

**Discretely Presented Component Units**

These are operations for which the State has financial accountability but they have certain independent qualities as well. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. Both 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

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

**Budget Variances in the General Fund**

As a result of changes during the year in the State's projected revenues, various appropriation revisions were made to the original budget. After budget amendments, the actual charges (expenditures) in the General Fund were \$120 million below the final budgeted amounts. This is mainly the result of lower than expected operating expenditures. On the other hand, resources available for appropriation were \$67 million below the final budgeted amount. This is primarily due to less sales tax revenues than anticipated. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Capital Asset and Long-Term Debt Activity**

**Capital Asset Activity**

At June 30, 2002, the State reported \$8,578 million in capital assets for governmental activities and \$1,119 million in capital assets for business-type activities. Refer to Note 1.L. and 2.D. to the financial statements for additional information on capital assets and Note 2.D. to the financial statements for additional information on construction commitments.

**Long-Term Debt Activity**

The State Constitution authorizes the State to issue general obligation bonds and revenues 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 the funds that receive legally restricted revenues. During the past year, the State continued to maintain a high bond rating from Moody's Investors Services and Standard & Poor's Corporation, on all State bonds. The State had the following bond ratings at June 30, 2002:

	Moody's	Standard & Poor's
General Obligation Bonds	Aa1	AA+
Severance Tax Bonds	Aa2	AA
Supplemental Severance Tax Bonds	Aa3	A+
Enhanced 911 Revenue Bonds	Aa3	AA

Bonds payable amounts at June 30, 2002, are as follows:

	Governmental Activities	Business-Type Activities	Total
Bonds Payable	\$ 1,512,044	298,561	1,810,605

Refer to Notes 1.R., 2.E., 2.F., and 2.G. to the financial statements for additional information on the State's long-term debt and other liabilities.

**STATE OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2002**

**Economic Conditions and Outlook**

Even though the economy as a whole was weakened in the fiscal year ended June 30, 2002, housing starts spiked to a level of 10,680 units from 8,513 units, an increase of 25% over 2001, as a result of low interest rates.

The economic climate of the State in fiscal year ending June 30, 2003 is expected to experience slow growth. Estimated non-agricultural employment growth during the next year is estimated at .99%. Tourism, a cornerstone of the State's economic strength, is expected to rebound as additional efforts are put forth in advertising and travel incentives.

The State's population is also expected to grow by 1.22% in fiscal year ending June 30, 2003. Population growth provides stimulus to the State's economic expansion.

New Mexico's economy has continued to show its strength and resilience. Despite the devastation experienced during September 11 attacks coupled with the recession, the State's economy is expected to recover. Although the possibility of a war looming in the horizon has dampened the economy from growing at a faster pace, the economic fundamentals remain strong. Such strength should provide impetus for the State's economy to achieve more sustained growth.

**Contact the State's Financial Management**

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

Bureau of Accounting  
Department of Finance and Administration  
Financial Control Division/Office of the State Controller  
Bataan Memorial Building Room 320  
Santa Fe, New Mexico

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STATE OF NEW MEXICO  
STATEMENT OF NET ASSETS  
JUNE 30, 2002  
(IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,228,193	924,565	2,152,758
Deferred charges and other assets	83,526	13,023	96,549
Due from other governmental entities	253,996	967	254,963
Due from other funds	689,899	1,297	691,196
Inventories	27,434	22,148	49,582
Investments held by others	-	49,841	49,841
Loans receivable, current	-	30,619	30,619
Notes receivable, current	-	2,776	2,776
Receivables, net of allowance for uncollectible	424,397	235,946	660,343
<b>Total current assets</b>	<b>2,707,445</b>	<b>1,281,182</b>	<b>3,988,627</b>
Non Current Assets			
Restricted cash and cash equivalents	-	19,648	19,648
Fixed assets, net of depreciation	8,578,045	1,118,774	9,696,819
Loans receivable, long-term	-	78,162	78,162
Notes receivable, long-term	-	40,373	40,373
Investments, long-term	4,524,881	1,232,134	5,757,015
Other non-current assets	-	18,492	18,492
<b>Total noncurrent assets</b>	<b>13,102,926</b>	<b>2,507,583</b>	<b>15,610,509</b>
<b>Total assets</b>	<b>\$ 15,810,371</b>	<b>3,788,765</b>	<b>19,599,136</b>
<b>LIABILITIES</b>			
Current Liabilities			
Cash overdraft	\$ -	227	227
Accounts payables	337,222	22,593	359,815
Accrued liabilities	61,819	139,107	200,926
Claims payable	123,053	-	123,053
Deferred revenue	126,578	90,344	216,922
Due to other funds	164,980	1,591	166,571
Due to other governmental entities	18,187	-	18,187
Due to custodians - security lending	494,721	-	494,721
Funds held for others	1,746	6,339	8,085
Other obligations	4,762	-	4,762
Bonds payable, current	175,591	19,620	195,211
Other long-term liabilities, current	49,072	89,397	138,469
<b>Total current liabilities</b>	<b>1,557,731</b>	<b>369,218</b>	<b>1,926,949</b>
Noncurrent Liabilities			
Bonds payable, long-term	1,336,453	278,941	1,615,394
Other liabilities, long-term	201,465	89,363	290,828
<b>Total noncurrent liabilities</b>	<b>1,537,918</b>	<b>368,304</b>	<b>1,906,222</b>
<b>Total liabilities</b>	<b>3,095,649</b>	<b>737,522</b>	<b>3,833,171</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	7,226,617	874,302	8,100,919
Restricted for			
Capital projects	58,546	26,166	84,712
Debt service	167,675	1,448	169,123
Unemployment compensation	-	579,730	579,730
Other purposes	-	228,045	228,045
Permanent trusts			
Expendable	-	13,252	13,252
Nonexpendable	3,940,744	834,163	4,774,907
Unrestricted Net Assets	1,321,140	494,137	1,815,277
<b>Total net assets</b>	<b>12,714,722</b>	<b>3,051,243</b>	<b>15,765,965</b>
<b>Total net assets and liabilities</b>	<b>\$ 15,810,371</b>	<b>3,788,765</b>	<b>19,599,136</b>

See Notes to Financial Statements.

Component Units		
New Mexico Finance Authority	New Mexico Mortgage Finance Authority	Total
\$ 159,114	219,991	379,105
6,395	13,891	20,286
2,892	-	2,892
-	-	-
-	-	-
-	-	-
-	-	-
6,661	7,164	13,825
<u>175,062</u>	<u>241,046</u>	<u>416,108</u>
94,346	-	94,346
32	2,803	2,835
273,577	1,120,436	1,394,013
-	9,900	9,900
15,484	11,993	27,477
-	-	-
<u>383,439</u>	<u>1,145,132</u>	<u>1,528,571</u>
\$ 558,501	1,386,178	1,944,679
\$ -	-	-
2,985	14,763	17,748
3,039	881	3,920
-	-	-
-	-	-
-	-	-
10,920	-	10,920
52,875	-	52,875
13,546	-	13,546
22,295	70,373	92,668
-	-	-
<u>105,660</u>	<u>86,017</u>	<u>191,677</u>
300,246	1,157,640	1,457,886
-	-	-
<u>300,246</u>	<u>1,157,640</u>	<u>1,457,886</u>
405,906	1,243,657	1,649,563
32	-	32
-	-	-
79,897	-	79,897
57,348	-	57,348
-	-	-
-	-	-
15,318	142,521	157,839
<u>152,595</u>	<u>142,521</u>	<u>295,116</u>
\$ 558,501	1,386,178	1,944,679



STATE OF NEW MEXICO  
STATEMENT OF ACTIVITIES  
JUNE 30, 2002  
(IN THOUSANDS)

Primary Government	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
General government	\$ 367,506	251,768	198,510	6,317	89,089
Culture, recreation, natural resources	169,027	69,913	-	-	(99,114)
Highway and transportation	875,972	4,878	12,626	328,346	(530,122)
Judicial	153,391	20,309	-	-	(133,082)
Legislative	11,874	-	-	-	(11,874)
Public safety	323,909	30,091	-	-	(293,818)
Commerce and industry	100,022	19,771	-	-	(80,251)
Health and human services	3,148,466	261,074	1,952,826	-	(934,566)
Education	2,336,909	62,914	249,634	-	(2,024,361)
Interest	92,062	-	-	-	(92,062)
Total governmental activities	\$ 7,579,138	720,718	2,413,596	334,663	(4,110,161)
<b>Business-type Activities</b>					
Unemployment insurance trust fund	\$ 135,748	134,108	-	-	(1,640)
Educational institutions	1,733,310	623,496	-	6,519	(1,103,295)
Nonmajor enterprise funds	419,484	439,349	-	-	19,865
Total business-type activities	\$ 2,288,542	1,196,953	-	6,519	(1,085,070)
<b>Discretely Presented Component Units</b>					
New Mexico Finance Authority	\$ 62,016	14,138	45,100	-	(2,778)
New Mexico Mortgage Finance Authority	81,235	113,639	-	-	32,404
Total component unit activities	\$ 143,251	127,777	45,100	-	29,626

See Notes to Financial Statements.

STATE OF NEW MEXICO  
STATEMENT OF ACTIVITIES (CONTINUED)  
JUNE 30, 2002  
(IN THOUSANDS)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	New Mexico Finance Authority	New Mexico Mortgage Finance Authority
Changes in Net Assets					
Net (expense) revenue	\$ (4,110,161)	(1,085,070)	(5,195,231)	(2,778)	32,404
General Revenues					
Taxes					
Individual income tax	\$ 1,009,224	-	1,009,224	-	-
Corporate income tax	138,078	-	138,078	-	-
Sales and use tax	303,615	-	303,615	-	-
Business privilege	1,305,730	-	1,305,730	-	-
Severance	194,347	-	194,347	-	-
Other taxes	381,209	-	381,209	44,016	-
Tribal gaming revenue sharing	107,339	-	107,339	-	-
Unrestricted investment earnings	-	-	-	5,648	-
Non-operating grants and contracts	-	534,293	534,293	-	-
Investment income (loss)	169,647	(55,987)	113,660	-	-
Other revenue (expense)	27,775	115,727	143,502	-	-
Transfers, net	(484,860)	484,860	-	-	-
<b>Total net general revenues and transfers</b>	<b>3,152,104</b>	<b>1,078,893</b>	<b>4,230,997</b>	<b>49,664</b>	<b>-</b>
<b>Change in net assets</b>	<b>(958,057)</b>	<b>(6,177)</b>	<b>(964,234)</b>	<b>46,886</b>	<b>32,404</b>
Net assets at beginning of year, as restated	13,672,779	3,057,420	16,730,199	105,709	110,117
<b>Net assets at end of year</b>	<b>\$ 12,714,722</b>	<b>3,051,243</b>	<b>15,765,965</b>	<b>152,595</b>	<b>142,521</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)**

	General Fund	Education	Health and Human Services
<b>ASSETS</b>			
Assets			
Cash and cash equivalents	\$ 242,857	123,503	64,306
Deferred charges and other assets	16,728	6	110
Due from other government entities	67,098	4,493	142,785
Due from other funds	443,283	172,319	23,340
Inventories	8,913	46	1,656
Investments	-	-	1,020
Receivables, net	284,558	18,212	12,226
<b>Total assets</b>	<b>\$ 1,063,437</b>	<b>318,579</b>	<b>245,443</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
Liabilities			
Accounts payable	\$ 128,643	2,322	105,735
Accrued liabilities	16,451	282	516
Deferred revenue	296,032	-	15,611
Due to other funds	114,992	3,721	31,505
Due to other governmental entities	5,906	2,955	2,933
Due to custodians - securities lending	-	-	-
Funds held for others	1,745	-	-
Other obligations	3,646	4	5,802
<b>Total liabilities</b>	<b>567,415</b>	<b>9,284</b>	<b>162,102</b>
<b>FUND BALANCES (DEFICIT)</b>			
Fund balances reserved for			
Capital projects	-	49,999	-
Inventories	8,913	46	1,656
Encumbrances	163,300	56,457	168,477
Subsequent years' expenditures	25,446	8,000	8,846
Special projects	279	-	17,386
Fund balances segregated for			
Debt service funds	-	-	-
Pool participants	-	-	-
Unreserved - special revenue (deficit)	-	194,793	(113,024)
Unreserved - debt service	-	-	-
Unreserved - capital projects	-	-	-
Unreserved - general revenues	298,084	-	-
<b>Total fund balances</b>	<b>496,022</b>	<b>309,295</b>	<b>83,341</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,063,437</b>	<b>318,579</b>	<b>245,443</b>

See Notes to Financial Statements.

	Highway & Transportation	Severance Tax Permanent Fund	Land Grant Permanent Fund	Nonmajor Governmental Funds	Totals
\$	354,880	62,200	10,135	213,019	1,070,900
	65,493	-	-	84	82,421
	34,036	-	-	5,584	253,996
	6,986	-	-	43,971	689,899
	16,143	-	-	56	26,814
	-	3,755,754	505,184	262,923	4,524,881
	25,435	47,741	5,166	19,357	412,695
	<hr/>				
\$	502,973	3,865,695	520,485	544,994	7,061,606
	<hr/>				
\$	65,279	-	-	26,388	328,367
	2,396	-	-	350	19,995
	25,915	-	-	26,701	364,259
	-	-	-	14,762	164,980
	-	-	-	23	11,817
	-	427,361	59,476	7,884	494,721
	-	-	-	1	1,746
	1,354	35,324	4,762	1,086	51,978
	<hr/>				
	94,944	462,685	64,238	77,195	1,437,863
	<hr/>				
	-	-	-	8,547	58,546
	16,143	-	-	56	26,814
	347,251	-	-	57,390	792,875
	375	-	-	18,415	61,082
	3,779	-	-	19,074	40,518
	4,056	-	-	163,619	167,675
	-	3,403,010	456,247	81,487	3,940,744
	36,425	-	-	103,156	221,350
	-	-	-	11,486	11,486
	-	-	-	4,569	4,569
	-	-	-	-	298,084
	<hr/>				
	408,029	3,403,010	456,247	467,799	5,623,743
	<hr/>				
\$	502,973	3,865,695	520,485	544,994	7,061,606
	<hr/>				

**STATE OF NEW MEXICO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2002  
(IN THOUSANDS)**

Total fund balances - governmental funds \$ 5,623,743

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

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

Capital Assets	\$ 17,013,564	
Accumulated depreciation	(8,467,869)	
		8,545,695

Assets (receivables) not available to provide current resources are offset with deferred revenues (liability) in the fund statements. The reduction of the liability and recognition of revenue net assets in the Statement of Net Assets.		237,681
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Internal service funds are used to report activities that provide goods and services to other funds service funds are included as governmental activities on the Statement of Net Assets. Includes \$32,350 in capital assets, net		70,184
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Long-term liabilities are not due and payable in the current period and therefore not reported in the funds.

Capital lease obligations	(7,117)	
Notes and loans payable	(115,354)	
Unexpired magazine subscriptions	(1,000)	
Claims and judgments	(36,043)	
Reserve for losses	(38,753)	
Compensated absences	(52,270)	
		(250,537)

Long-term bonded debt is not due and payable in the current period and is therefore not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Bonds, current portion, net	(175,591)	
Bonds, long-term portion, net	(1,336,453)	
		(1,512,044)

<b>Total net assets-governmental activities</b>		<b>\$ 12,714,722</b>
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*See Notes to Financial Statements.*

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**STATE OF NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

	General Fund	Education	Health and Human Services
<b>Revenues</b>			
Federal funds	\$ 480,055	268,271	1,639,585
General and selective taxes	1,664,721	-	18,648
Income taxes	1,188,605	-	-
Interest and other investment income	486,668	2,842	395
Rentals and royalties	261,045	-	-
Other	193,856	175,577	40,540
Charges for services	77,990	-	102
Licenses, fees and permits	35,014	70	8,931
Assessments	9,450	-	-
Other state funds	26,869	-	1,731
<b>Total revenues</b>	<b>4,424,273</b>	<b>446,760</b>	<b>1,709,932</b>
<b>Expenditures</b>			
<b>Current</b>			
<b>Expenditures</b>			
General Control	264,390	-	-
Culture, Recreation, Natural Resources	134,208	-	-
Highways and Transportation	-	-	-
Judicial	112,306	-	-
Legislative	11,474	-	-
Public Safety	304,047	-	-
Regulation, Licensing, Etc.	53,352	-	-
Health and Human Services	903,370	-	2,120,768
Education	26,553	2,231,530	-
<b>Debt Service</b>			
Interest	-	-	-
Principal	-	-	-
Capital outlay	14,004	-	-
<b>Total expenditures</b>	<b>1,823,704</b>	<b>2,231,530</b>	<b>2,120,768</b>
Excess (deficiency) of revenues over expenditures	2,600,569	(1,784,770)	(410,836)
<b>Other Financing Sources (Uses)</b>			
Face amount of bonds sold	-	125,986	8,464
Increase/(decrease) in fair value of investments	-	-	-
Operating transfers in	1,296,103	1,821,489	488,157
Operating transfers out	(4,012,357)	(23,976)	(118,422)
Total other financing sources (uses)	(2,716,254)	1,923,499	378,199
<b>Net change in fund balances</b>	<b>(115,685)</b>	<b>138,729</b>	<b>(32,637)</b>
Fund balances - beginning, as restated	611,707	170,566	115,978
<b>Fund balances - ending</b>	<b>\$ 496,022</b>	<b>309,295</b>	<b>83,341</b>

	Highway & Transportation	Severance Tax Permanent Fund	Land Grant Permanent Fund	Non-Major Funds	Total
\$	330,001	-	-	40,997	2,758,909
	317,070	-	-	28,867	2,029,306
	-	-	-	-	1,188,605
	23,673	110,784	15,117	23,473	662,952
	-	-	13,650	655	275,350
	5,488	-	-	73,087	488,548
	-	-	-	6,997	85,089
	-	-	-	48,345	92,360
	-	-	-	-	9,450
	-	-	-	4,912	33,512
	<u>676,232</u>	<u>110,784</u>	<u>28,767</u>	<u>227,333</u>	<u>7,624,081</u>
	-	4,966	21,909	68,174	359,439
	-	-	-	29,118	163,326
	478,520	-	-	-	478,520
	-	-	-	35,911	148,217
	-	-	-	-	11,474
	-	-	-	8,935	312,982
	-	-	-	43,297	96,649
	-	-	-	18,760	3,042,898
	-	-	-	-	2,258,083
	44,744	-	-	47,318	92,062
	50,336	-	-	219,735	270,071
	330,590	-	-	47,611	392,205
	<u>904,190</u>	<u>4,966</u>	<u>21,909</u>	<u>518,859</u>	<u>7,625,926</u>
	<u>(227,958)</u>	<u>105,818</u>	<u>6,858</u>	<u>(291,526)</u>	<u>(1,845)</u>
	251,964	-	-	127,466	513,880
	-	(438,008)	(54,715)	(6,293)	(499,016)
	84,875	32,035	-	472,550	4,195,209
	(93,754)	(159,183)	-	(274,296)	(4,681,988)
	<u>243,085</u>	<u>(565,156)</u>	<u>(54,715)</u>	<u>319,427</u>	<u>(471,915)</u>
	15,127	(459,338)	(47,857)	27,901	(473,760)
	<u>392,902</u>	<u>3,862,348</u>	<u>504,104</u>	<u>439,898</u>	<u>6,097,503</u>
\$	<u>408,029</u>	<u>3,403,010</u>	<u>456,247</u>	<u>467,799</u>	<u>5,623,743</u>



**STATE OF NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

Net change in fund balances-total governmental funds \$ (473,760)

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

Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the State. The net revenue (expenses) of the internal services funds is reported with governmental activities. Includes \$760 in depreciation expense. (26,855)

Revenues recognized in the Statement of Activities that do not provide current financial resources and are not recognized as revenues in the governmental funds, i.e., deferred revenues. (35,415)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. Depreciation expense related to the internal service funds are included above. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (565,799)	
Capital outlay	391,445	
	<hr/>	
Excess of depreciation expense over capital outlay		(174,354)

Some expenses reported in the Statement of Activities do not require the use of current government financial resources and, therefore, are not reported as expenditures in governmental funds:

Decrease (increase) in compensated absences	(3,824)	
Decrease (increase) in claims payable	(513)	
Decrease (increase) in unexpired magazine subscriptions	473	
	<hr/>	
		(3,864)

The incurrence of long-term debt (i.e. bonds, leases and notes) provide current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Proceeds	(513,880)	
Principal payments on debt	270,071	
	<hr/>	
		(243,809)

**Change in net assets of governmental activities** \$ (958,057)

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)

	Unemployment Insurance	Educational Institutions	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 602,937	182,402	139,226	924,565	157,293
Deferred charges and other assets	-	9,961	3,062	13,023	1,105
Due from other governmental entities	-	447	520	967	-
Due from other funds	858	-	439	1,297	-
Inventories	-	16,734	5,414	22,148	620
Investments held by others	-	49,841	-	49,841	-
Loans receivable, current	-	22,524	8,095	30,619	-
Notes receivable, current	-	2,776	-	2,776	-
Receivables, net of allowance for uncollectible	18,796	204,589	12,561	235,946	11,702
<b>Total current assets</b>	<b>622,591</b>	<b>489,274</b>	<b>169,317</b>	<b>1,281,182</b>	<b>170,720</b>
Non Current Assets					
Restricted cash & cash equivalents	-	19,648	-	19,648	-
Fixed assets, net of depreciation	-	1,072,509	46,265	1,118,774	32,350
Loans receivable, long-term	-	-	78,162	78,162	-
Notes receivable, long-term	-	40,373	-	40,373	-
Investments, long-term	-	1,095,729	136,405	1,232,134	-
Other non-current assets	-	18,492	-	18,492	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>2,246,751</b>	<b>260,832</b>	<b>2,507,583</b>	<b>32,350</b>
<b>Total assets</b>	<b>\$ 622,591</b>	<b>2,736,025</b>	<b>430,149</b>	<b>3,788,765</b>	<b>203,070</b>
<b>LIABILITIES</b>					
Current Liabilities					
Cash overdraft	\$ -	-	227	227	-
Accounts payables	-	12,057	10,536	22,593	8,855
Accrued liabilities	2,029	136,222	856	139,107	613
Claims payable	-	-	-	-	114,377
Deferred revenues	39,269	50,662	413	90,344	-
Due to other funds	1,341	-	250	1,591	-
Due to other governmental entities	-	-	-	-	6,370
Other obligations	-	-	-	-	2,671
Funds held for others	-	6,339	-	6,339	-
Bonds payable, current	-	19,620	-	19,620	-
Other liabilities, current	222	52,413	36,762	89,397	-
<b>Total current liabilities</b>	<b>42,861</b>	<b>277,313</b>	<b>49,044</b>	<b>369,218</b>	<b>132,886</b>
Noncurrent Liabilities					
Bonds payable, long-term	-	278,941	-	278,941	-
Other liabilities, long term	-	62,659	26,704	89,363	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>341,600</b>	<b>26,704</b>	<b>368,304</b>	<b>-</b>
<b>Total liabilities</b>	<b>42,861</b>	<b>618,913</b>	<b>75,748</b>	<b>737,522</b>	<b>132,886</b>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	-	830,201	44,101	874,302	32,350
Restricted for					
Capital projects	-	25,763	403	26,166	-
Debt service	-	660	788	1,448	-
Unemployment compensation	579,730	-	-	579,730	-
Other purposes	-	46,124	181,921	228,045	37,834
Permanent trusts					
Expendable	-	13,252	-	13,252	-
Nonexpendable, Land Grant Permanent Fund	-	693,605	-	693,605	-
Nonexpendable, Other	-	140,558	-	140,558	-
Unrestricted net assets	-	366,949	127,188	494,137	-
<b>Total net assets</b>	<b>579,730</b>	<b>2,117,112</b>	<b>354,401</b>	<b>3,051,243</b>	<b>70,184</b>
<b>Total net assets and liabilities</b>	<b>\$ 622,591</b>	<b>2,736,025</b>	<b>430,149</b>	<b>3,788,765</b>	<b>203,070</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)

	Unemployment Insurance	Educational Institutions	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Operating Revenues</b>					
Charges for services	\$ -	66,104	172,615	238,719	211,043
Sales income	-	12,134	137,996	150,130	-
Employee contributions	-	-	89,911	89,911	-
Employers taxes	79,634	-	-	79,634	-
Federal funds	16,991	-	6,519	23,510	513
Interest and other investment income	37,483	33,169	6,899	77,551	5,711
Licenses, fees and permits	-	19	11,156	11,175	-
Net student tuition & fees	-	156,475	-	156,475	-
Other operating revenues	-	51,157	8,737	59,894	10,067
Patient services/clinical operations	-	327,420	10,646	338,066	-
Sales income	-	-	1,389	1,389	-
<b>Total operating revenue:</b>	<b>134,108</b>	<b>646,478</b>	<b>445,868</b>	<b>1,226,454</b>	<b>227,334</b>
<b>Operating Expenses</b>					
Benefits, claims and premiums	-	-	138,795	138,795	-
Depreciation expense	-	108,755	2,030	110,785	-
Game expense	-	-	94,204	94,204	-
General and administrative	-	-	28,951	28,951	-
Losses	-	-	135,289	135,289	-
Other operating expenses	-	1,624,555	20,215	1,644,770	256,108
Unemployment benefits-federal	15,839	-	-	15,839	-
Unemployment benefits-state	119,909	-	-	119,909	-
<b>Total operating expenses:</b>	<b>135,748</b>	<b>1,733,310</b>	<b>419,484</b>	<b>2,288,542</b>	<b>256,108</b>
Operating (loss) income	(1,640)	(1,086,832)	26,384	(1,062,088)	(28,774)
<b>Non-operating revenues (expenses)</b>					
Auxiliary enterprises	-	2,146	-	2,146	-
Capital appropriations	-	20,220	-	20,220	-
Capital grants & gifts	-	31,677	-	31,677	-
Clinical operations-non-op	-	63,762	-	63,762	-
Private grants, gifts & non-exchange grants	-	71,074	-	71,074	-
Gov't grants & contracts	-	433,599	234	433,833	-
Interest and other expenses on cap asset related debt	-	(12,710)	-	(12,710)	-
Land grant & permanent fund revenue	-	20,749	-	20,749	-
Loss on disposal of capital assets	-	(5,280)	1	(5,279)	-
Net increase (decrease) in fair value of investments	-	(83,177)	(9,825)	(93,002)	-
Other nonoperating expenses	-	(7,162)	(116)	(7,278)	-
Other nonoperating revenues	-	40,156	5,703	45,859	-
<b>Total nonoperating revenues (expenses income before transfer)</b>	<b>-</b>	<b>575,054</b>	<b>(4,003)</b>	<b>571,051</b>	<b>-</b>
Transfers in	-	482,738	2,127	484,865	2,016
Transfer out	-	(5)	-	(5)	(97)
<b>Change in net assets:</b>	<b>(1,640)</b>	<b>(29,045)</b>	<b>24,508</b>	<b>(6,177)</b>	<b>(26,855)</b>
Net assets at beginning of year, as restated	581,370	2,146,157	329,893	3,057,420	97,005
<b>Net assets at end of year</b>	<b>\$ 579,730</b>	<b>2,117,112</b>	<b>354,401</b>	<b>3,051,243</b>	<b>70,184</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
June 30, 2002  
(IN THOUSANDS)

	Enterprise Funds				
	Unemployment Insurance Trust Fund	Educational Institutions	Nonmajor Enterprise Funds	Total	Internal Service Fund
Cash Flows From Operating Activities					
Amounts paid to third party administrators and other vendors	\$ -	-	(3,249)	(3,249)	-
Auxiliary sales and services	-	17,248	-	17,248	-
Cash paid for unemployment benefits	(143,199)	-	-	(143,199)	(228,401)
Cash paid to suppliers and employees	-	(1,419,647)	(53,919)	(1,473,566)	-
Cash payments made to borrowers	-	-	(8,376)	(8,376)	-
Cash received from employers	80,011	-	-	80,011	-
Cash received from other governments	55,210	-	-	55,210	-
Cash received from refinancing fees	-	-	54	54	-
Cash received from trust fund earnings	37,483	-	-	37,483	-
Cash received on interest from loans	-	-	2,353	2,353	-
Cash received on repayment of loan principal	-	-	6,101	6,101	-
Collection of loans to students	-	1,012	-	1,012	-
Disbursement of net aid to students	-	(38,220)	-	(38,220)	-
Fees received	-	138,420	-	138,420	205,752
From MUSL	-	-	5,060	5,060	-
From retailers - sales net of commissions	-	-	119,732	119,732	-
Grants and contracts received	-	539,615	-	539,615	-
Instruction and general sales and services	-	38,964	-	38,964	16,271
Insurance and patients	-	286,507	-	286,507	-
Interest payments received from banks	-	-	2,225	2,225	-
Loans issued to students	-	(2,160)	-	(2,160)	-
Losses and loss adjustment expenses paid	-	-	(130,338)	(130,338)	-
Other income	-	33,983	4,804	38,787	-
Other receipts/(payments)	-	(34,906)	-	(34,906)	-
Participant premiums collected	-	-	265,883	265,883	-
Payments for benefits	-	(83,591)	-	(83,591)	-
Payments for scholarships & fellowships	-	(40,193)	-	(40,193)	-
Payments for travel	-	(9,658)	-	(9,658)	-
Payments for utilities	-	(13,152)	-	(13,152)	-
Premiums paid to health maintenance organizations	-	-	(136,698)	(136,698)	-
Receipts from customers	-	-	35,026	35,026	-
Receipts from sales and services	-	41,523	-	41,523	-
Reimbursement for losses from excess insurers and rebates	-	-	356	356	-
State appropriation	-	-	-	-	-
to prize winners and related taxes	-	-	(76,565)	(76,565)	-
<b>Net cash provided (used) by operating activities</b>	<b>29,505</b>	<b>(544,255)</b>	<b>32,449</b>	<b>(482,301)</b>	<b>(6,378)</b>
Cash Flows From Investing Activities					
Additions to permanent endowments	-	19,026	-	19,026	-
Amount received/(paid) on note/loan receivable	-	7,452	-	7,452	-
Interest, dividends, gains & losses, net, on investment	-	13,973	9,197	23,170	-
Purchase of equities and bonds	-	(325,706)	(34,811)	(360,517)	-
Purchases of property & equipment	-	(113,103)	(1,093)	(114,196)	-
Realized loss on investments	-	(3,270)	-	(3,270)	-
Receipts of rent	-	-	106	106	-
Sales of equities and bonds	-	496,983	30,439	527,422	-
State investment income	-	6,286	-	6,286	-
<b>Net cash provided (used) by investing activities</b>	<b>-</b>	<b>101,641</b>	<b>3,838</b>	<b>105,479</b>	<b>-</b>
Cash Flows From Non-Capital Financing Activities					
Agency payments	-	(1,033)	-	(1,033)	-
Agency receipts	-	541	-	541	-
Appropriation from/reversion to state general fund	-	466,052	(29,326)	436,726	-
Bernalillo County mill levy	-	52,862	-	52,862	-
Gifts for other than capital purposes	-	24,255	-	24,255	-
Interest paid on borrowing	-	-	(71)	(71)	-
Local appropriation	-	2,828	-	2,828	-
Other nonoperating expenses	-	(4,468)	-	(4,468)	-
Principal payments on bank borrowing	-	-	1,583	1,583	-
Private gifts for endowment	-	424	-	424	-
Transfers	-	-	5	5	(3)
<b>Net cash provided (used) by non-capital financing</b>	<b>-</b>	<b>541,461</b>	<b>(27,809)</b>	<b>513,652</b>	<b>(3)</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS (CONTINUED)  
June 30, 2002  
(IN THOUSANDS)

	Enterprise Funds				
	Unemployment Insurance Trust Fund	Educational Institutions	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows From Capital and Related Financing Activities					
Building fees received from students	\$ -	3,864	-	3,864	-
Capital appropriations	-	14,972	-	14,972	-
Capital expenditures	-	(5,886)	-	(5,886)	(7,890)
Capital gifts, grants & contracts	-	12,266	-	12,266	-
Grant expenditures	-	-	(114)	(114)	-
Grant proceeds - EPA	-	-	6,232	6,232	-
Interest and fees paid on capital debt and leases	-	(12,926)	(108)	(13,034)	-
Other receipts/(payments)	-	1,330	-	1,330	-
Principal paid on capital debt and leases	-	(9,831)	(7)	(9,838)	-
Principal paid on revenue bonds	-	-	(300)	(300)	-
Proceeds from capital debt	-	(6,543)	-	(6,543)	-
Proceeds from contributed capital	-	-	373	373	-
Proceeds from sale of property, land and equipment	-	725	(43)	682	95
Purchase of premises and equipment	-	(97,198)	(484)	(97,682)	-
<b>Net cash (used) provided by capital and related financing activities</b>	<b>-</b>	<b>(99,227)</b>	<b>5,549</b>	<b>(93,678)</b>	<b>(7,795)</b>
<b>Net increase (decrease) in cash</b>	<b>29,505</b>	<b>(380)</b>	<b>14,027</b>	<b>43,152</b>	<b>(14,176)</b>
Cash and cash equivalents at beginning of year	573,432	182,782	125,199	881,413	171,469
<b>Cash and cash equivalents at end of year</b>	<b>\$ 602,937</b>	<b>182,402</b>	<b>139,226</b>	<b>924,565</b>	<b>157,293</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (1,640)	(1,086,832)	26,384	(1,062,088)	(28,774)
Adjustments to reconcile operating income to net cash provided by operating activities					
Accounts payable and accrued liabilities	(8,954)	(5,712)	718	(13,948)	4,070
Accrued capital purchases	-	-	(86)	(86)	-
Accrued expenses	-	2,480	-	2,480	(33)
Accrued wages payable	-	-	45	45	319
Bad debt expense	-	83,263	708	83,971	-
Cash deficit	-	(32)	-	(32)	-
Compensated absences	-	1,372	8	1,380	-
Construction loans in process	-	-	(6,904)	(6,904)	-
Credits received from vendors	-	-	9	9	-
Deferred revenues	38,165	4,789	30	42,984	-
Deposits held for others	-	271	-	271	-
Depreciation	-	108,755	3,474	112,229	9,234
Due from component units	-	(33,892)	-	(33,892)	-
Due from other funds	-	3,650	(25)	3,625	-
Due to insurance carriers for claims paid	-	-	1,839	1,839	11,052
Due to other funds	-	(2,437)	(20)	(2,457)	-
Grants contracts and receivables	-	(1,519)	-	(1,519)	-
Interest on MUSL unreserved account	-	-	241	241	-
Interest receivable	-	(7,152)	-	(7,152)	-
Inventories	-	1,164	235	1,399	157
Lawsuit liability	-	-	84	84	-
Loans receivable	-	(105)	4,768	4,663	-
Loss from discontinued operations	-	(41)	-	(41)	256
Notes receivables	-	(248)	-	(248)	-
Other assets	-	1,262	-	1,262	-
Other liabilities	-	(605)	-	(605)	-
Other noncurrent	-	(3,215)	-	(3,215)	-
Other receivables	-	(23,929)	-	(23,929)	(2,659)
Other revenues	-	-	(2,574)	(2,574)	-
Patient receivables	-	(56,766)	-	(56,766)	-
Prepaid expenses and deposits	-	1,546	945	2,491	-
Prize payables	-	-	1,387	1,387	-
Receivables from excess insurers	-	-	7	7	-
Receivables from participants	-	-	72	72	-
Receivables, net	1,934	469,730	(2,208)	469,456	-
Reserves for losses and loss adjustment expenses	-	-	4,196	4,196	-
Reserves on deposit	-	58	64	122	-
Student deposits	-	(110)	-	(110)	-
Unearned premium revenue	-	-	(834)	(834)	-
Unexpired subscriptions	-	-	(114)	(114)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 29,505</b>	<b>(544,255)</b>	<b>32,449</b>	<b>(482,301)</b>	<b>(6,378)</b>

See Notes to Financial Statements.

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**STATE OF NEW MEXICO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2002**  
**(IN THOUSANDS)**

	Agency Funds	Pension Trust Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,133,040	1,199,746
Due from other funds	8,949	-
Due from other governmental entities	47,169	-
Investments at fair value	29,269	14,643,427
Other assets	62	4,646
Receivables, net of allowance	33,981	670,411
Security deposits	375,162	-
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 1,627,632</b>	<b>16,518,230</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Deposits held in trust	\$ 385,209	-
Distributions payable due to beneficiaries	-	-
Due to beneficiary	67,050	-
Due to brokers	-	-
Due to custodian - securities lending	-	-
Due to other funds	533,374	-
Due to other governmental entities	14,140	-
Funds held for others	87,425	-
Other liabilities	536,298	406
Payables	4,136	1,000,690
Security lending liability	-	1,568,316
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,627,632</b>	<b>2,569,412</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Net assets held in trust for pension	-	13,948,818
Net assets held in trust for pool participants	-	-
Reserved for other beneficiaries	-	-
	<hr/>	<hr/>
<b>Net assets</b>	<b>\$ -</b>	<b>13,948,818</b>
	<hr/> <hr/>	<hr/> <hr/>

*See Notes to Financial Statements.*

	External Investment Trust Funds	Private Purpose Trust Funds	Totals
\$	19,884	125,362	2,478,032
	-	-	8,949
	-	-	47,169
	3,740,749	6,137,588	24,551,033
	-	-	4,708
	23,106	62,746	790,244
	-	-	375,162
	-	-	-
\$	3,783,739	6,325,696	28,255,297
\$	-	-	385,209
	-	21,496	21,496
	-	-	67,050
	939	29,476	30,415
	42,555	-	42,555
	148	52	533,574
	-	-	14,140
	289	6,886	94,600
	-	-	536,704
	-	-	1,004,826
	-	722,586	2,290,902
	43,931	780,496	5,021,471
	-	-	13,948,818
	3,739,808	5,543,021	9,282,829
	-	2,179	2,179
\$	3,739,808	5,545,200	23,233,826



STATE OF NEW MEXICO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

	Pension Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Total
<b>ADDITIONS</b>				
Employee contributions	\$ 292,806	-	-	292,806
Employer contributions	381,794	-	-	381,794
Deposits	-	319,063	165,827	484,890
Investment income: decrease in fair value	(1,183,890)	(28,107)	(802,633)	(2,014,630)
Interest and other investment income	423,631	154,535	183,662	761,828
Other operating revenues	3,476	19,754	-	23,230
Nonoperating revenues	3,606	-	-	3,606
<b>Total additions</b>	<b>(78,577)</b>	<b>465,245</b>	<b>(453,144)</b>	<b>(66,476)</b>
<b>DEDUCTIONS</b>				
<b>Expenditures</b>				
Benefits and claims	690,835	-	-	690,835
Distribution	-	384,683	257,955	642,638
Expenses and management fees	-	679	8,067	8,746
General and admin	7,492	-	-	7,492
Other operating expenses	-	-	163	163
Refunds	54,135	-	-	54,135
<b>Total deductions</b>	<b>752,462</b>	<b>385,362</b>	<b>266,185</b>	<b>1,404,009</b>
Change in net assets	(831,039)	79,883	(581,435)	(1,332,591)
Net assets, beginning, as restated	14,779,857	3,659,925	6,126,635	24,566,417
<b>Net assets, ending</b>	<b>\$ 13,948,818</b>	<b>3,739,808</b>	<b>5,545,200</b>	<b>23,233,826</b>

See Notes to Financial Statements.

**State of New Mexico**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2002

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**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

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

The State of New Mexico (State) was created on January 6, 1912 and became the Nation's 47<sup>th</sup> state. The State has a plural executive, with the Governor serving as the Chief Executive, who is elected by the residents of the State.

The State's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). As a result of the implementation of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, the State has reformatted its financial statements and restated beginning balances as appropriate effective July 1, 2001. The basic financial statements of the State, including its component units, are presented in the required format discussed below.

As indicated in the financial statements, amounts in the notes are also stated in thousands.

The more significant of the State's accounting policies are described below.

**A. 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, the educational institutions created by the State Constitution, Articles XII, Section 11), and its component units. The annual financial report does not include the financial statements of the community colleges and public schools.

Component units, as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, are legally separate organizations for which the elected officials of the State are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

Depending upon the significance of the State's financial and operational relationships with various separate entities, the organizations are classified either as blended or as discrete component units. The State had one blended component unit (New Mexico Lottery Authority) and two discrete component units (New Mexico Finance Authority and the New Mexico Mortgage Finance Authority) during the fiscal year ended June 30, 2002.

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. The decision to include a potential component unit in the State's reporting entity is based upon several criteria including legal standing, fiscal dependency, and financial accountability. As the determination was not made until after the component units issued their financial statements, the component

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

units' separate financial statements do not reflect their status as a component unit. Based on the application of these criteria, the following discretely presented component units are included in these financial statements:

- **New Mexico Finance Authority**

The New Mexico Finance Authority (NMFA) was created by the Laws of 1992, Chapter 61, as amended. The purpose of the New Mexico Authority Act (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.

- **New Mexico Mortgage Finance Authority**

The New Mexico Mortgage Finance Authority (NMMFA) is a governmental instrumentality of the State, created April 10, 1975 under the Mortgage Finance Authority Act (Act) enacted as Chapter 303 of the Laws of 1975 of the State. Pursuant to the Act, the Authority is authorized to undertake various programs to assist in the financing of housing for persons of low and moderate income in the State.

Complete financial statements for each of the individual discretely presented component units may be obtained from:

Mexico Finance Authority  
409 St. Michaels Drive  
Santa Fe, New Mexico 87505

New Mexico Mortgage Finance Authority  
344 4<sup>th</sup> St., SW  
Albuquerque, New Mexico 87102

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made in the Statement of Net Assets to minimize the grossing-up effect on the assets and liabilities within governmental and business-type activities columns. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

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

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

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Thus, the accounting and financial reporting treatment applied to a fund or activity is determined by its measurement focus.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary (enterprise) fund and 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.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. With the exception of the State General Fund, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For this purpose, the State General Fund considers tax revenues to be available if they are collected within 30 days after the end of the fiscal year; reversions, if collected within 90 days of the end of

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

the current fiscal period; and all other revenues to be available if collected prior to completion of the State General Fund's financial statements, which is usually the December 15<sup>th</sup> following the end of the fiscal year. Expenditures generally are 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.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other State and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received if they are not susceptible to accrual.

The accounts of the State are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures.

Governmental-type funds are those through which most governmental functions of the State are financed. The acquisition, use and balances of the State's expendable available financial resources and the related liabilities (except those accounted for in enterprise funds) are accounted for through governmental-type funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

Fund financial statements report detailed information about the State. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources and uses of current financial resources.

All proprietary (enterprise) fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

changes in fund net assets presents increases and decreases in net total assets. The statement of cash flows provides information about how the State finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

The State reports the following major funds:

**Major Governmental 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.

**Education Fund** - The Education Fund includes funds to operate education-related programs.

**Health and Human Services Fund** - The Health and Human Services Fund includes funds used to operate various health and family service-related programs such as healthcare, elder affairs, and child support, etc.

**Highway and Transportation Fund** - The Highway and Transportation Fund accounts for the maintenance and development of the State highway system and other transportation-related projects.

**Severance Tax Permanent Fund** - The Severance Tax Permanent Fund accounts for the severance tax 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 State Investment Council, which adds these amounts to the Severance Tax Permanent Fund.

**Major Business Type Funds**

**Unemployment Insurance Fund** - The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This Fund does not account for funds other than unemployment compensation (i.e., workers' compensation, employment security labor market statistics, administration of the employment compensation program, etc.).



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Educational Institutions Fund** – The Educational Institution accounts for the activities of the State’s ten educational institutions created by the New Mexico constitution in Articles XII, Section 11: University of New Mexico, New Mexico State University, New Mexico Highlands University, Western New Mexico University, Eastern New Mexico University, New Mexico Tech, New Mexico Military Institute, New Mexico School for the Visually Handicapped, New Mexico School for the Deaf, and Northern New Mexico Community College.

Additionally, the State reports the following governmental fund types:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenues sources (other than major capital projects) that are restricted to expenditures for specified purposes. The State has many individual Special Revenue Funds; for presentation in this report, the funds have been combined into specific functional areas.

**Debt Service Funds** – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of principal and interest on, general long-term obligations and payments on certain lease-purchase or other contractual obligation of the State. The State has many individual Debt Service Funds; for presentation in this report, the funds have been combined into specific functional areas.

**Capital Projects Funds** – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds.)

**Tobacco Settlement Permanent Fund** - This fund receives monies pursuant to the master settlement agreement entered into between the tobacco product manufacturers and various states, including New Mexico, which was executed on November 23, 1998. Money in this fund is invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund is credited to the Fund.

**Proprietary Fund Types**

Proprietary-type funds are used to account for the State’s ongoing activities where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods and services to other departments or agencies of the governmental unit, or to other unrelated governmental units, on a continuing basis be financed or recovered primarily through user or customer charges. Proprietary funds distinguish operating revenues and expenses from

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Fund Types (Continued)**

nonoperating 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 enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses. Proprietary-type Funds include Enterprise Funds and Internal Service Funds.

**Internal Service Fund** - The Internal Service Fund is primarily used to report activities that provide goods or services to other funds or agencies within the State, rather than to the general public.

**Enterprise Funds** - Enterprise Funds are used to report activities for which a fee is charged to external users for goods or services.

**Fiduciary Fund Types**

These 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. Trust Funds do require the measurement of results of operations.

**Private-Purpose Trust Funds** - used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds include the Scholarship Fund and the Land Grant Permanent Fund.

**Pension and Other Employee Benefits Trust Funds** - 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 and Educational Employees Retirement Systems.

**Agency Funds** - used to report resources held by the State in a purely custodial capacity.

**External Trust 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 participant in the New Mexico State Treasurer's Investment Trust Funds and the State Investment Council External Investment Trust Funds.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fiduciary Fund Types**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following private-sector guidance issued after November 30, 1989 for its business-type activities and proprietary funds and component units. As allowed by GASB 20, the State has elected to follow only those Financial Accounting Standards Board (FASB) Statement and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB), issued prior to December 1, 1989.

**D. Cash and Cash Equivalents**

Cash and cash equivalents represent petty cash, cash on deposit with banks, 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.

The State is required by statute to deposit any money received into the State Treasury. Balances maintained at the end of the day are pooled and invested by the State Treasurer in overnight repurchase agreements. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits, categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the State. All repurchase agreements are collateralized by U.S. Treasury Securities held by the State Treasurer's custodian bank.

Interest on interest-bearing accounts is credited to the various accounts held by the State Treasurer based on the average monthly balance and average monthly interest rates.

Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments.

Many of the State's entities maintain cash accounts with various commercial institutions statewide. Amounts on deposit with the commercial institutions are fully insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts over \$100,000 must be secured in accordance with 6-10-17, NMSA 1978.

Certificates of deposit held by the State Treasurer represent compliance with the requirement that gasoline and special fuel suppliers must post a bond, cash or certificate of deposit for the privilege of receiving or using special fuel in the State. The certificates are held in the name of the taxpayer and/or State Treasurer. The Taxation and Revenue Department maintains control over the bonds, cash and certificates of deposit, but physical custody is maintained by the State Treasurer. Bonds are posted with a surety agency and the Taxation and Revenue Department maintains a record of all bonds posted on its behalf so that, in the case of a taxpayer's nonpayment of their liabilities, it may be able to collect from the bonding or surety agency.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In addition to the overnight repurchase agreements at the State Treasury, the Educational Retirement Board (Board) invests in the Short-term Investment Funds (STIF) at Banker's Trust (now Deutsche Bank). The STIF is used to facilitate more efficient trade procedures with the Board's external money managers. Net cash balances in each internal and external investment manager's portfolios are swept into the STIF at the end of each day. Overnight investments of \$189,327, for the year ended June 30, 2002, are reported as cash equivalents.

Money market mutual funds invest in short term obligations of the U.S. Government or its agencies or other short-term investments and are carried at the lower of cost or market.

**E. Cash Flow Information**

The State considers all short-term investments with a maturity of three months or less to be cash equivalents. This includes amounts on deposit with the State Treasurer's Office (including the overnight investment pool), and the Deutsche Bank short-term investment funds.

**F. Deferred Charges and Other Assets**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deferred charges and other assets in both the government-wide and fund financial statements.

**G. Due From Other Funds**

Short-term amounts owed between funds are classified as due to/due from other funds in the fund financial statements, and eliminations have been made in the statement of net assets to minimize the grossing-up effect on the assets and liabilities within governmental and business-type activities columns.

**H. Investments**

Fixed-income securities are reported at fair value subject to adjustment for market declines judged to be other than temporary. Gains and losses on sales and exchanges of fixed-income securities are recognized under the completed transaction method.

Equity securities are reported at fair value subject to adjustment for market declines judged to be other than temporary. The cost of corporate stock sold is determined using the average cost of the security. Gains and losses on sales and exchanges of equity securities are recognized under the completed transaction method.

The fair value of investments are estimated and reported based on quoted market prices. If a quoted market price is not available, the fair value is estimated using quoted market prices for similar securities.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Investments (Continued)**

Short-term interest bearing securities are stated at fair value. Maturities are generally less than 365 days.

The State Investment Council (Council) is responsible for the investment activities of certain State trust funds. Investment policies specific to monies invested by the Council are as follows:

The Council's investments are reported in the following categories: private-purpose trust funds and external investment trust funds. Both types of funds are participants in the Council's Large Capitalization Active, Large Capitalization Index, Core Bonds, High Yield Bonds, Mid/Small Capitalization, Non-U.S. Index, Non-U.S. Developed Markets and Non-U.S. Emerging Markets investment pools. The pools are detailed as follows:

The Large Capitalization Active Pool is managed internally using fundamental research techniques. This pool seeks to exceed the performance of the S&P 500 Index emphasizing stock selection and by overweighting or underweighting economic sectors.

The Large Capitalization Index Pool is managed internally using complex risk models and optimization software. The objective of the pool is to generate returns within 25 basis points of the S&P 500 Index.

The Core Bonds Pool is managed internally and invests in all major segments of the broad investment-grade debt obligation markets. The primary objective of the Core Bonds Pool is to add significant value over the returns of the broad U.S. bond market and to produce relatively high total returns for the risk assumed. The Core Bonds Pool uses the Lehman Brothers Aggregate Index as its benchmark.

The High Yield Bonds Pool is managed by two active external managers and invests in corporate bonds rated single B or better by a national rating service. The pool's benchmark is the Lehman Brothers High Yield Bonds Index. High yield bonds have both higher expected returns and risk than the investment grade bonds in the Core Bonds pool.

The Mid/Small Capitalization Pool is externally managed and has two core managers with broad diversification, one active manager with a value style, and two growth managers. Overall, the manager mix is intended to capture the returns of the Russell 2500 Index.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Investments (Continued)**

*Non-U.S. Equity Securities Pools:*

The Non-U.S. Index Pool was externally managed using the Morgan-Stanley EAFE (Europe, Australasia, and Far East) Index. On January 1, 2002, balances in this pool were transferred into the Non-U.S. Developed markets pool and the Non-U.S. Index pool was closed.

The Non-U.S. Developed markets pool is an international equity fund with four active external managers that have complementary management styles. Currently, one manager has a value orientation, two are core managers, and one is a growth manager. This strategy is designed to seek the best investment opportunities around the world, as well as to diversify away from a U.S. only approach. The benchmark is the Salomon PMI World Ex-U.S. Index.

The Non-U.S. Emerging Markets Pool is an externally managed international equity fund based upon the MSCI Emerging Markets Free Index. The fund has three active external managers. The Non-U.S. Emerging Markets Pool began operations in March 2002.

*Private Equity:*

Private equity investments are recorded at estimated fair value as reported by the Council's investment advisors and their investees. If market declines exist which are considered to be other than temporary, and adjustment is made to reduce the fair value. Increases to fair value are reported when a definable event occurs, such as an additional round of financing to a third-party investor at a higher price or a public offering of the investee company's stock. Income is recognized when the investment advisor reports distributions received in excess of the capital invested.

**I. Due From Other Governmental Entities**

Due from other governmental entities represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs and other programs.

**J. Inventories**

Inventories of the governmental funds are valued at cost using predominantly the moving average cost methodology. Inventories of the proprietary funds are valued at cost using the average cost methodology.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Inventories (Continued)**

The governmental funds use either the purchase method or the consumption method of accounting for inventories. Under these methods, inventories are recorded as expenditures when purchased for the purchase method or costs are recorded as expenditures when consumed.

Proprietary funds use the consumption method of accounting for inventories. Under the consumption method, costs are recorded as expenditures when consumed rather than when purchased.

Inventories at year-end are reported as assets of the General Fund and are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Food stamps are valued at face value and commodity inventory is valued at an average unit cost that approximates the lower of cost or market.

**K. Receivables and Loans Receivable**

Receivables are stated net of estimated allowance for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

Loans receivable are stated at their principal amount. Interest on loans is accrued for based on the daily principal balance outstanding except when a loan has been past due for 90 days. All significant loans are to governmental entities secured by tax revenue or are loaned to other entities, which are repaying the loans in accordance with their loan agreements.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Capital Assets**

Capital assets, which include automobiles, buildings and improvements, furniture and fixtures, software, 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.

To account for its infrastructure assets, the State elected to use the depreciation method. This method requires the State to allocate the cost of infrastructure assets over their 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 as it determined that it could not meet the condition to maintain the infrastructure (as required by the modified approach) at a predetermined condition level due to anticipated lack of future funding for maintenance.

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.

Capital assets of the State are depreciated on the straight-line method over the assets' estimated useful lives. There is no depreciation recorded for land and 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.



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Capital Assets (Continued)**

Capital Asset Category	Reporting Capitalization Threshold	Estimated Useful Life (in Years)
Land and land improvements	Capitalize all	Not depreciable
Buildings and building improvements	\$100,000	20-40
Infrastructure and infrastructure improvements (depreciable)	Based upon the criteria of capitalization of an asset	25-30
Leasehold improvements	\$100,000	2-15
Property under capital lease	Threshold correlates to specific specific asset category	2-20
Construction work in progress	\$100,000	N/A
	Capital asset moved to proper category and depreciated upon completion.	
Furniture and fixtures	\$ 1,000	4-20
Portable buildings	\$ 1,000	15
Machinery & equipment	\$ 1,000	3-20
Automobiles	\$ 1,000	4-10
Software	\$ 1,000	3-5

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Compensated Absences**

Qualified employees are entitled to accumulate sick leave at the rate of 3.69 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% of the excess over 600 hours, up to a maximum of 120 hours. Upon retirement or other termination, employees are paid 50% of the excess over 600 hours, up to a maximum of 400 hours.

Qualified employees are entitled to accumulate vacation leave according to a graduated leave 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. A maximum of thirty days of annual leave (240 hours) may be accumulated by each employee and carried forward into the beginning of the calendar year, with any excess forfeited.

Compensated absences additions for the year are calculated as follows: salaries expense (including required taxes), multiplied by an average of 2.5 weeks per employee, divided by 52 weeks.

The State accrues a liability for compensated absences, which meets the following criteria:

1. The State's obligation relating to employees' rights to receive compensation for future absences is attributable to an employee's service already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the State has accrued a liability for vacation pay, which has been earned but not taken by State employees. For governmental funds, the liability for compensated absences is shown in the government-wide financial statements. For enterprise funds, the liability for compensated absences is shown in the individual fund to which the liability pertains since funds will be expended out of those individual funds.

**STATE OF NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute interfund reimbursements to a fund for expenditures/expenses initially made for it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions except interfund services provided and used interfund reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as interfund transfers. All other interfund transfers are reported as “interfund transfers”.

On fund financial statements, receivables and payables (resulting from short-term interfund loans and as a result of transactions between the funds) are classified as “Due to/from other funds”.

As a general rule, eliminations have been made in the Statement of Net Assets to minimize the grossing-up effect on the assets and liabilities within governmental and business-type activities columns. Exceptions to this general rule are various charges between the business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**O. Accrued Liabilities**

Accrued liabilities consist primarily of payroll and related fringe benefit accruals.

**P. Deferred Revenue**

When the State receives funds in advance from federal agencies, revenue is recognized when funds are expended for these projects.

**Q. Payables**

Payables represent unpaid claims against the State for goods and services received by the State prior to June 30, 2002.

**R. Long-term Obligations**

Several of the State’s Departments are obligated under certain leases accounted for as capital leases. In the government-wide financial statements, capital leases are reported as liabilities in the governmental activities column of the statement of net assets.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Net Assets and Fund Equity**

Net assets are reported as restricted when external or legal constraints are placed on their use. Unrestricted net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” Net assets are categorized as:

*Invested in Capital Assets, Net of Related Debt.* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvements of these assets reduce the balance in this category.

*Restricted for Permanent Trusts.* This category is used to report restrictions on trusts that are either expendable or nonexpendable.

*Restricted for Unemployment Compensation.* This category presents net assets restricted for unemployment benefits.

*Restricted for Other Purposes.* This category presents net assets subject to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Restricted for Capital Projects.* This category represents funds restricted for capital outlay.

*Restricted for Debt Service.* The debt service funds are used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest, and related costs.

*Unrestricted Net Assets.* This category represents net assets of the State, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Specific reservations and designations of fund balance accounts are summarized below:

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Net Assets and Fund Equity (Continued)**

*Reserved for Capital Projects.* This reserve was created to restrict the use of all resources contributed to or earned by Capital Projects Funds.

*Reserved for Inventories.* This reserve was created to represent the portion of fund balance that is not available for expenditures because the State expects to use the resources within the next budgetary period.

*Reserved for Encumbrances.* Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the General Fund, Special Revenue Funds, and Capital Projects Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

*Reserved for Subsequent Years' Expenditures.* This reserve was created to restrict the use of all resources contributed to or earned by Special Revenue and Capital Projects Funds as required by the following years budget.

*Reserved for Special Projects.* This reserve was created to restrict the use of resources collected for expenditure on special projects as required by the respective federal grant or enabling legislation.

*Segregated for Debt Service.* Fund balances segregated for debt service represent various capital reserve assets available to finance future debt service payments in accordance with the underlying bond indentures.

*Segregated for Pool Participants.* Fun balances segregated for pool participants represent the respective net asset of those entities participating in the Severance Tax Permanent Fund and the Land Grant Permanent Fund.

Unreserved fund balances have been designated by management for the following purposes:

	Designated For Subsequent Years	Arbitrage
Major Funds		
General fund	\$ 20,024	-
Education	147,688	-
Health and Human Services	15,553	-
Nonmajor Funds		
Special revenue	20,215	-
Debt service	-	11,486

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Use of Estimates**

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

**U. Indirect Expenses**

Certain of the state agencies allocate indirect expenses to program functions in the Statement of Activities.

**V. Implementation of New Accounting Principles and Restatement**

Effective July 1, 2002, the State implemented the following:

- GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – For State and Local Governments.*
- GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments.*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures.*
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

GASB 34 creates new basic financial statements for reporting on the State’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type.

Nonmajor funds are presented in total in one column. The government-wide financial statements split the State’s programs between business-type and governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance at June 30, 2001 caused by the conversion to the accrual basis of accounting. In addition, it required the State to reclassify contributed capital into net assets and record depreciation expense for capital assets, except for land, that were previously recorded in the general fixed asset account group.

Prior period adjustments in the government activities are primarily as the result of errors made in certain accruals and deferrals of income.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following schedule reconciles June 30, 2001, fund balance/net assets previously reported to beginning fund balance/net assets, as restated, to include the adoption of new pronouncements.

	Total Governmental Funds	Enterprise Funds	Internal Service Fund	Non- expendable Trust Funds	Expendable Trust Funds	Pension Trust Funds	Investment Trust Funds	Private Purpose Trust Funds	University	Component Units	Total
Ending fund balance, as previously reported	\$ 1,601,573	36,367	233,865	11,492,114	707,415	14,779,857	3,640,404	-	2,483,457	-	34,975,052
Reclassify the University Funds to Enterprise Funds	-	2,483,457	-	-	-	-	-	-	(2,483,457)	-	-
Reclassify certain internal service funds	-	135,893	(136,826)	-	(2,204)	-	-	-	-	3,137	-
Reclassify expendable trust funds	31,778	582,343	-	-	(705,211)	-	-	-	-	91,090	-
Reclassification of non-expendable trust funds	4,446,819	907,565	-	(11,492,114)	-	-	-	6,126,635	-	11,095	-
Reclassification of New Mexico Finance to component unit	-	-	-	-	-	-	-	-	-	440	440
Add: Lottery Authority	-	29,604	-	-	-	-	-	-	-	-	29,604
NM School for the Deaf	-	13,222	-	-	-	-	-	-	-	-	13,222
NM Military Institute	-	40,066	-	-	-	-	-	-	-	-	40,066
Northern NM Community College	-	20,643	-	-	-	-	-	-	-	-	20,643
NM School for the Visually Handicapped	-	18,372	-	-	-	-	-	-	-	-	18,372
Mortgage Finance Authority	-	-	-	-	-	-	-	-	-	110,064	110,064
Prior period adjustments	17,333	-	-	-	-	-	19,521	-	-	-	36,854
Adjustment to apply GASB 34/35:											
Depreciation expense	-	(1,003,628)	-	-	-	-	-	-	-	-	(1,003,628)
Removal of certain trust funds double counted for	-	(157,822)	-	-	-	-	-	-	-	-	(157,822)
Other	-	(48,662)	-	-	-	-	-	-	-	-	(48,662)
Beginning balance, as adjusted	\$ 6,097,503	3,057,420	97,039	-	-	14,779,857	3,659,925	6,126,635	-	215,826	34,034,205

**NOTE 2. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

By law, all deposits and investments are under the control of the State Treasurer, except for those with which specific authority are under the control of other component units. Legally authorized investments vary by fund, but generally include: obligation of or guaranteed by the United States; obligations of the State of New Mexico and its political subdivisions; stocks and bonds; and repurchase agreements.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Cash

Cash and cash equivalents represent the demand deposits with the New Mexico State Treasurer and commercial banks. The State Treasurer invests all public monies held in excess of the minimum compensating balance which it must maintain in the non-interest bearing demand deposit account with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance. The interest earned on the investment of these public monies is distributed monthly to earmarked accounts, as specifically identified by statute, based on their monthly average cash balances at the average certificate of deposit rate and overnight investment rate. The remaining portion is transferred to the State General Fund Appropriations Account.

The State maintains accounts at commercial banks for various purposes at locations throughout the State. Bank deposits may be under the joint custody of the State Treasurer and the organization, agency, or other component units with the exception of the University funds, which are entirely under the control of the Universities.

For deposits of public monies with New Mexico financial institutions, the State requires that its depository banks pledge collateral valued at 50% to 100% of the amount deposited, dependent upon each institution's operating results and capital.

*Primary Government.* As of June 30, 2002, the carrying amount of the Primary Government's total cash and cash equivalents was \$2,172,179. Cash and cash equivalents in bank accounts for the primary government was \$244,909. The remaining balances were at the State Treasurer.

The following is a reconciliation of cash and cash equivalents and restricted cash and cash equivalents to the financial statements.

Cash at State Treasurer's Office	\$ 3,008,516
Bank accounts	<u>1,641,695</u>
	<u>\$ 4,650,211</u>
Governmental Activities	\$ 1,228,193
Business-Type Activities	943,986
Fiduciary Funds	<u>2,478,032</u>
	<u>\$ 4,650,211</u>



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments (Continued)**

The State's deposits are categorized to give an indication of the level of risk assumed by the State at year-end. Category 1 includes deposits that are insured. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name. Category 3 represents deposits that are required by state statutes to be collateralized at a minimum level of 50%.

	Category			Bank	Book
	1	2	3	Balance	Balance
Bank accounts	\$ 10,211	-	100,324	147,021	\$ 244,909

The State is responsible to ensure that all accounts held by any bank for all State governmental entities have collateral at the required level for amounts in excess of FDIC coverage.

Investments

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, 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 Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10 F, 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 local government investment pool is voluntary. The investments are valued at fair value based on quoted market prices as of the valuation date.

Funds held for others by trustees represent funds held by financial institutions as trustees and paying agents for the State for its various bond issues. The sources of funds are financing program bond proceeds, pledged revenues and other debt service requirements. These funds are invested in short-term money market accounts which invest in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations in accordance with state law. The trustees are also permitted to purchase U.S. Treasury obligations. The State's investments are held by financial institutions in the State's name.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial Credit Risk Categorization

Custodial credit risk refers to the risk that the State may not be able to obtain possession of its investments in the event of default by a counterparty. The three types of custodial credit risk are:

- Category 1, which includes investments that are insured or registered or for which securities are held by the State or its agent in the State's name;
- Category 2, which includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the State's name; and
- Category 3, which includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent, but not in the State's name.

The categories of the State's investments at June 30, 2002 were as follows (expressed in thousands):

	Category			Carrying Amount and Fair Value
	1	2	3	
Investments Categorized				
Certificates of deposit	\$ 225,167	20	-	225,187
Government sponsored enterprise and agency issues	3,291,375	392,713	2,047,033	5,731,121
Corporate equity securities	10,641,817	961,753	273,310	11,876,880
Corporate obligations	3,731,892	-	354,524	4,086,416
Securities lending collateral	1,354,442	-	-	1,354,442
International securities	2,117,855	-	149,031	2,266,886
Conventional mortgage pass-through certificates	2,660	-	-	2,660
U.S. Government mortgage backed securities	20,879	-	-	20,879
Commercial paper	<u>344,122</u>	-	-	<u>344,122</u>
<b>Total Categorized</b>	<u>\$ 21,730,209</u>	<u>1,354,486</u>	<u>2,823,898</u>	<u>25,908,593</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

	Carrying Amount and Fair Value
Investments Not Categorized	
Investment pools	\$ 113,239
Investment in building	16,449
International securities	37,364
Corporate equity securities	64,539
Corporate obligations	12,619
Government sponsored enterprise and agency issues	834,098
Common stock	2,457
Private equity	258,184
Mortgage loans	1,565
Money market/mutual funds	92,355
Other	12,369
Repurchase agreements	2,953,753
U.S. Treasury bills	464
	<u>4,399,455</u>
	<u>\$ 30,308,048</u>

Investment by funds at June 30, were as follows:

Governmental Activities	\$ 4,524,881
Business-Type Activities	1,232,134
Fiduciary Funds	<u>24,551,033</u>
	<u>\$ 30,308,048</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Securities Loan Program

Through a safekeeping agent, the State lends securities for a fee from its investment portfolios on a collateralized basis to third parties, primarily financial institutions and/or brokerage houses. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four (24) hours of any security previously loaned.

**Discretely Presented Component Units**

*New Mexico Finance Authority (NMFA).* Funds held for others and short-term investments are held at various trustees in the name of NMFA. The following is a reconciliation of cash and cash equivalents and restricted cash and cash equivalents to the financial statements.

Cash and cash equivalents and restricted cash and cash equivalents

State Treasurer cash account	\$	1,767
State Treasurer Local Government Investment Pool		172,318
Money market accounts		33,121
Repurchase agreements		45,813
Bank accounts		<u>441</u>
	<u>\$</u>	<u>253,460</u>

NMFA's deposits are categorized to give an indication of the level of risk assumed by NMFA at year-end. Category 1 includes deposits that are insured. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 represents deposits that are required by state statutes to be collateralized at a minimum level of 50%. All of the Authority's bank accounts are invested in repurchase agreements. Deposits with the State Treasurer are not required to be categorized.

	<u>Category</u>			Bank	Book
	1	2	3	Balance	Balance
Bank accounts	\$ -	441	-	441	441

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Funds held for others by trustees represent funds held by financial institutions as trustees and paying agents for the NMFA for its various bond issues. The sources of funds are financing program bond proceeds, pledged revenues and other debt service requirements. These funds are invested in short-term money market accounts which invest in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations in accordance with state law. The trustees are also permitted to purchase U.S. Treasury obligations. The NMFA's investments are held by financial institutions in the Authority's name.

*New Mexico Mortgage Finance Authority (NMMFA).* NMMFA's cash deposits are categorized below to give an indication of the level of risk assumed by NMMFA.

Cash and Cash Equivalents

	<u>Category</u>			Bank Balance	Book Balance
	1	2	3		
Bank accounts	\$ 278	-	11,098	11,376	11,378
Cash equivalents not considered deposits					
Money market accounts					21,326
Repurchase agreements					1,772
Investment agreements					<u>185,515</u>
					<u>\$ 219,991</u>

Investments

NMMFA's investments are categorized to give an indication of the level of risk assumed by NMMFA.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

	Category			Carrying Amount and Fair Value
	1	2	3	
Investments Categorized				
U.S. government and government agency securities	\$ 11,987	-	-	11,987

**B. Receivables**

Receivables at June 30, 2002, including the applicable allowances for uncollectible accounts, are as follows:

**Governmental Activities**

	Loans	Interest	Taxes	Rent	Accounts Receivable	Total Receivables	Allowances	Total Receivables Net
General	\$ -	137	237,681	1,148	61,928	300,894	(16,336)	284,558
Educational	18,833	-	-	-	-	18,833	(621)	18,212
Health and Human Services	-	-	-	-	12,238	12,238	(12)	12,226
Highway & Transportation	-	1,256	21,869	-	4,311	27,436	(2,001)	25,435
Severance Tax Permanent Fund	36,589	-	-	-	11,152	47,741	-	47,741
Land Grant Permanent Fund	-	-	-	-	5,166	5,166	-	5,166
Nonmajor Governmental Funds	-	-	-	-	19,357	19,357	-	19,357
Internal Service Fund	-	374	-	-	13,435	13,809	(2,107)	11,702
<b>Total</b>	<b>\$ 55,422</b>	<b>1,767</b>	<b>259,550</b>	<b>1,148</b>	<b>127,587</b>	<b>445,474</b>	<b>(21,077)</b>	<b>424,397</b>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables (Continued)**

**Business-Type Activities**

	Unemployment Insurance	Educational Institutions	Nonmajor Enterprise Funds	Total
Taxes	\$ 26,711	-	-	26,711
Accounts	1,439	135,377	11,565	148,381
Grants	-	95,283	1,855	97,138
Overpayments	16,038	-	-	16,038
Total receivables	44,188	230,660	13,420	288,268
Allowances	(25,392)	(26,071)	(859)	(52,322)
Total receivables, net	\$ 18,796	204,589	12,561	235,946

**Fiduciary Funds**

	Agency Funds	Pension Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Totals
Tax Assessments	\$ 898,301	-	-	-	898,301
Accounts	33,981	9,781	22,551	3,509	69,822
Contributions	-	63,463	-	-	63,463
Brokers	-	528,585	555	8,793	537,933
Interest and dividends	-	68,582	-	50,444	119,026
Total receivables	932,282	670,411	23,106	62,746	1,688,545
Allowances	(898,301)	-	-	-	(898,301)
Total receivables, net	\$ 33,981	670,411	23,106	62,746	790,244

**Discretely Presented Component Units**

*New Mexico Finance Authority.* Loan receivable balances consist of the following:

Loans receivable	\$ 274,397
Allowance of loan losses	(820)
Loans, net	<u>\$ 273,577</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables (Continued)**

An analysis for the allowance for loan losses is as follows:

Balance, beginning of year	\$	412
Provision for loan losses		<u>408</u>
Balance, end of year	<u>\$</u>	<u>820</u>

*New Mexico Mortgage Finance Authority.* Mortgage loans balances consist of the following:

Mortgage loans receivable	\$	1,121,424
Allowance for mortgage loan losses		(451)
Deferred origination and commitment fees		<u>(537)</u>
Mortgage loans, net	<u>\$</u>	<u>1,120,436</u>

An analysis of the allowance for mortgage loan losses is as follows:

Balance, beginning of year	\$	694
Provision (recovery) for loan losses		(61)
Loans written off, net of recoveries		<u>(182)</u>
Balance, end of year	<u>\$</u>	<u>451</u>



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund and Interagency Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2002, is as follows:

	Due From	Due To	Transfers In	Transfers Out
<b>Governmental Activities</b>				
General Fund	\$ 443,283	114,992	1,296,103	4,012,357
Education	172,319	3,721	1,821,489	23,976
Health & Human Services	23,340	31,505	488,157	118,422
Highway & Transportation	6,986	-	84,875	93,754
Severance Tax Permanent Fund	-	-	32,035	159,183
Nonmajor Governmental Funds	43,971	14,762	472,550	274,296
Internal Service Fund	-	-	2,016	97
	<u>689,899</u>	<u>164,980</u>	<u>4,197,225</u>	<u>4,682,085</u>
<b>Business-Type Activities</b>				
Unemployment Insurance	858	1,341	-	-
Colleges & Universities	-	-	482,738	5
Nonmajor Proprietary Funds	439	250	2,127	-
	<u>1,297</u>	<u>1,591</u>	<u>484,865</u>	<u>5</u>
<b>Fiduciary Funds</b>				
Agency Funds	8,949	533,374	-	-
External Investment Trust Funds	-	148	-	-
Private Purpose Trust Funds	-	52	-	-
	<u>8,949</u>	<u>533,574</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>\$ 700,145</u>	<u>700,145</u>	<u>4,682,090</u>	<u>4,682,090</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2002 was as follows:

**Primary Government**

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments and Reclassifications</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated</b>					
Land and land improvements	\$ 168,099	2,330	(47)	(108,275)	62,107
Construction in progress	100,387	41,416	(1,467)	(2,064)	138,272
Infrastructure – right of way	2,443	922	-	-	3,365
Mineral rights	16,413	3,048	-	-	19,461
<b>Total capital assets, not being depreciated</b>	<b>287,342</b>	<b>47,716</b>	<b>(1,514)</b>	<b>(110,339)</b>	<b>223,205</b>
<b>Capital assets, being depreciated</b>					
Land improvements	949	2	-	-	951
Equipment and machinery	126,051	14,295	(5,270)	955	136,031
Buildings and improvements	660,714	11,498	(119)	104,598	776,691
Furniture and fixtures	73,372	9,685	(8,183)	(742)	74,132
Data processing equipment	71,384	13,833	(9,827)	(1,573)	73,817
Vehicles	188,176	22,192	(16,854)	(262)	193,252
Library books and other	3,392	112	(1,210)	-	2,294
Infrastructure	15,261,079	272,112	-	-	15,533,191
<b>Total capital assets, being depreciated</b>	<b>16,385,117</b>	<b>343,729</b>	<b>(41,463)</b>	<b>102,976</b>	<b>16,790,359</b>
<b>Less accumulated depreciation for</b>					
Land improvements	(643)	(53)	-	-	(696)
Equipment and machinery	(99,738)	(14,116)	5,035	-	(108,819)
Buildings and improvements	(433,263)	(23,762)	2,502	-	(454,523)
Furniture and fixtures	(34,003)	(3,563)	1,833	-	(35,733)
Data processing equipment	(35,678)	(7,149)	10,245	(2)	(32,584)
Vehicles	(99,172)	(11,563)	4,663	-	(106,072)
Library books and other	(387)	-	386	-	(1)
Infrastructure	(7,199,611)	(506,353)	8,873	-	(7,697,091)
<b>Total accumulated depreciation</b>	<b>(7,902,495)</b>	<b>(566,559)</b>	<b>33,537</b>	<b>(2)</b>	<b>(8,435,519)</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,482,622</b>	<b>(222,830)</b>	<b>(7,926)</b>	<b>102,974</b>	<b>8,354,840</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 8,769,964</b>	<b>(175,114)</b>	<b>(9,440)</b>	<b>(7,365)</b>	<b>8,578,045</b>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

<b>Business-type activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments and Reclassifications</b>	<b>Ending Balance</b>
Capital assets, not being depreciated					
Land and land improvements	\$ 40,761	740	-	3,466	44,967
Construction in progress	42,230	50,694	(3,915)	(33,227)	55,782
Total capital assets, not being depreciated	82,991	51,434	(3,915)	(29,761)	100,749
Capital assets, being depreciated					
Land improvements	43,271	540	-	2,930	46,741
Equipment and machinery	508,063	47,860	(58,916)	(14,296)	482,711
Buildings and improvements	1,203,652	12,456	(619)	15,832	1,231,321
Furniture and fixtures	45,963	3,011	(589)	(2,036)	46,349
Data processing equipment	376	736	-	-	1,112
Vehicles	5,054	422	(111)	-	5,365
Library books and other	341,587	33,031	(1,197)	-	373,421
Infrastructure	46,264	1,942	-	25,295	73,501
Total capital assets, being depreciated	2,194,230	99,998	(61,432)	27,725	2,260,521
Less accumulated depreciation for					
Land improvements	(23,312)	(980)	-	936	(23,356)
Equipment and machinery	(288,051)	(79,485)	40,637	15,247	(311,652)
Buildings and improvements	(551,947)	(46,168)	206	2,215	(595,694)
Furniture and fixtures	(31,201)	(2,524)	-	-	(33,725)
Data processing equipment	(124)	(120)	-	-	(244)
Vehicles	(276)	(63)	19	-	(320)
Library books and other	(218,036)	(21,816)	585	19	(239,248)
Infrastructure	(23,163)	(3,129)	-	(11,965)	(38,257)
Total accumulated depreciation	(1,136,110)	(154,285)	41,447	6,452	(1,242,496)
Total capital assets, being depreciated, net	1,058,120	(54,287)	(19,985)	34,177	1,018,025
Business-type activity capital assets, net	\$ 1,141,111	(2,853)	(23,900)	4,416	1,118,774

Depreciation expense charged to functions/programs of governmental activities as follows:

General Control	\$ 6,374
Culture, Recreation, Natural Resources	4,514
Highways and Transportation	393,931
Judicial	4,097
Legislative	317
Public Safety	8,651
Regulation, Licensing, Etc,	2,671
Health and Human Services	83,589
Education	62,415
	<u>\$ 566,559</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

**Discretely Presented Component Units**

Activity for the New Mexico Finance Authority for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Furniture, fixtures and equipment	\$ 232	20	(13)	239
Accumulated depreciation	(199)	(21)	13	(207)
Capital assets, net	\$ 33	(1)	-	32

Activity for the New Mexico Mortgage Finance Authority for the year ended September 30, 2002, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 512	-	-	512
Capital assets, being depreciated				
Buildings and improvements	3,041	-	-	3,041
Furniture, equipment and vehicles	1,764	-	(219)	1,545
Total capital assets, being depreciated	4,805	-	(219)	4,586
Accumulated depreciation	(2,267)	(287)	259	(2,295)
Total capital assets, being depreciated, net	2,538	(287)	40	2,291
Capital assets, net	\$ 3,050	(287)	40	2,803

**Construction Commitments**

The State has active construction projects as of June 30, 2002. The projects include highway construction, university infrastructure, facilities construction, and renovation. At year-end, the State's commitments for construction are as follows:

Project Commitment

Highway construction	\$ 84,000
University infrastructure	114,583
University facilities construction and renovation	50,600
Vocational institute buildings	15,300
Total	\$ 264,483

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

**Operating Leases**

The State leases building and office facilities and other equipment under noncancelable operating leases. Total cost for such leases were \$45,714 for the year ended June 30, 2002. The future minimum lease payments for these leases are as follows:

	<u>Amount</u>
2003	\$ 47,128
2004	35,207
2005	32,228
2006	30,032
2007	23,310
Thereafter	52,090
Total	<u>\$ 219,995</u>

**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 *Montano vs. Gabaldon* decision, in that payments for these will be made from Special Revenue Funds and not from general tax revenue.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2002:

Year Ending June 30:

2003	\$ 4,875
2004	3,518
2005	2,510
2006	1,804
2007	1,386
2008 to 2012	<u>917</u>
Total	15,010
Amount representing interest	<u>(2,410)</u>
Total	<u>\$ 12,600</u>

Capital leases by funds are as follows:

Governmental Activities	\$ 7,117
Business-Type Activities	<u>5,483</u>
	<u>\$ 12,600</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable**

**General Obligation Bonds**

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. During the year, general obligation bonds in the amount of \$23,830 were issued. The proceeds were used to refund the 2002 to 2006 maturities of the General Obligation Bond Series 1997.

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. General obligation bonds currently outstanding are as follows:

	Amount	Interest Rate	Final Maturity
<i>Capital Projects Series 1993</i>	\$ 12,687	2.75 – 8.50%	2003
<i>Capital Projects Series 1995</i>	14,675	4.90 – 6.10	2005
<i>Capital Projects Series 1997</i>	65,455	4.30 – 5.50	2007
<i>Capital Projects Series 1999</i>	57,780	4.00 – 5.00	2011
<i>Refunding Series 2001-A</i>	25,860	4.00 – 5.00	2004
<i>Enhanced 911 Revenue Bonds – Series 2000</i>	3,980	4.35 – 6.75	2007
<i>2001-B Refunding</i>	23,830	5.00	2007
	<u>\$ 204,267</u>		

Annual debt service requirements to maturity for general obligation bonds in the governmental funds are as follows:

Year ending June 30,	Principal	Interest	Total
2003	\$ 43,839	6,520	50,359
2004	32,555	4,842	37,397
2005	32,167	4,784	36,951
2006	24,229	3,604	27,833
2007	24,343	3,621	27,964
2008 to 2012	47,134	7,009	54,143
Total	<u>\$ 204,267</u>	<u>30,380</u>	<u>234,647</u>

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Severance Tax Bonds**

The State levies severance taxes on the mining and production of various natural resources, and has issued severance tax bonds secured by deposits of such taxes in a bonding fund. The Severance Tax Bonding Act was amended to authorize the creation of a supplemental severance tax bond program to fund school capital funding needs. Supplemental Severance Tax Bonds are secured by a second lien on severance tax revenue and are subordinate in all respect to senior bonds.

The following severance tax bonds were issued during the fiscal year ended June 30, 2002:

- *Severance Tax Bonds Refunding Series 2001A.* On November 13, 2001, the State Board of Finance issued bonds with a principal amount of \$115,380. The debt was used to refund in advance of their stated maturity dates of the 2003 to 2005 maturities of the Severance Tax Bonds Series 1995B, the 2002 to 2004 maturities of the Severance Tax Bonds Series 1996A, the 2005 to 2008 maturities of the Severance Tax Bonds Series 1998B, and the 2006 to 2009 maturities of the Severance Tax Bonds Series 1999B. Interest rates range from 4.00% to 5.00% with principal payments due through 2013.
- *Supplemental Severance Tax Bonds Series 2002A.* On December 11, 2001, the State Board of Finance issued bonds with a principal amount of \$65,000 to finance public capital projects authorized by the State Legislature. Interest rates range from 4.00% to 5.00% with principal payments due through 2012.
- *Severance Tax Bonds Series 2002A.* On May 24, 2002, the State Board of Finance issued bonds with a principal amount of \$67,000 to finance public capital projects authorized by the State Legislature. Interest rates range from 4.00% to 5.00% with principal payments due through 2013.

Severance tax bonds currently outstanding are as follows:

	Amount	Interest Rate	Final Maturity
<i>Series 1993-B</i>	\$ 8,180	4.00 – 7.00%	2003
<i>Series 1995-A</i>	1,066	4.60 – 6.90	2005
<i>Series 1995-B</i>	6,215	4.40 – 5.50	2005
<i>Series 1998-A Refunding</i>	22,655	4.25 – 5.00	2008
<i>Series 1998-B</i>	39,500	4.50 – 4.75	2008
<i>Series 1999-A Supplemental</i>	9,000	4.25 – 5.50	2008
<i>Series 1999-B</i>	19,920	5.00	2009
<i>Series 2000</i>	51,725	5.00 – 5.50	2007
<i>Series 2000-C Supplemental</i>	10,670	4.50 – 5.00	2007
<i>Series 2001-A Refunding</i>	115,380	1.85 – 3.60	2013
<i>Series 2002-A</i>	67,000	4.00 – 5.00	2012
<i>Series 2002-A Supplemental</i>	65,000	4.00 – 5.00	2013
	<u>\$ 416,311</u>		

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Severance Tax Bonds**

Annual debt service requirements to maturity for severance tax bonds in the governmental funds are as follows:

Year ending June 30,	Principal	Interest	Total
2003	\$ 67,667	13,084	80,751
2004	66,907	12,937	79,844
2005	59,097	11,427	70,524
2006	52,797	10,209	63,006
2007	45,364	8,771	54,135
2008 to 2012	117,378	22,696	140,074
2013 to 2017	7,101	1,373	8,474
Total	<u>\$ 416,311</u>	<u>80,497</u>	<u>496,808</u>

**Revenue Bonds**

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

Revenue bonds outstanding at year-end are as follows:

<b>Governmental Activities</b>	Amount	Interest Rate	Final Maturity
<i>New Mexico Highway Debentures – Series 1993</i>	\$ 5,925	4.40%	2003
<i>Series 1995 – A &amp; B</i>	2,762	3.00 – 6.00	2015
<i>Series 1996 – A &amp; B</i>	3,091	3.00 – 6.00	2016
<i>Series 1997 – A &amp; B</i>	3,914	3.00 – 6.00	2017
<i>Series 1998 – A &amp; B</i>	4,340	6.00 – 8.00	2018
<i>Series 1998 – A</i>	1,333	6.00 – 8.00	2008
<i>Senior Subordinate Lien Tax Revenue Highway Bonds – Series 1998</i>	76,875	4.50 – 5.125	2010
<i>Subordinate Lien Tax Revenue Highway Bonds (WIPP) – Series 1998B</i>	81,305	3.70 – 4.125	2011
<i>Senior Subordinate Lien Tax Revenue Highway Bonds – Series 1999</i>	85,610	4.75 – 6.00	2011
<i>Senior Subordinate Lien Tax Revenue Highway Bonds – Series 2000</i>	184,160	5.00 – 6.00	2015
<i>Enhanced 911 – Series 2000</i>	3,390	4.35 – 6.75	2007
<i>Series 2001-A Refunding</i>	4,496	4.70	2020
<i>Senior Subordinate Lien Tax Revenue Highway Bonds – Series 2001</i>	197,720	4.00 – 5.25	2013
<i>Senior Subordinate Lien Tax Revenue Highway Bonds – Series 2002</i>	95,000	4.50 – 5.50	2014
<i>Subordinate Lien Tax Revenue Highway Bonds (WIPP) – Series 2002</i>	73,795	3.25 – 5.00	2011
<i>Highway Infrastructure Fund Revenue Highway Bonds (HIF) – Series 2002C</i>	67,750	3.25 – 5.283	2017
	<u>\$ 891,466</u>		



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Revenue Bonds (Continued)**

<b>Business-Type Activities</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Final Maturity</b>
<i>Refunding and Improvement</i>	\$ 1,450	5.90 – 6.00%	2006
<i>System Revenue - Series 1993</i>	9,800	4.40 – 5.85	2013
<i>Refunding and Improvement – Series 1994</i>	25,485	3.40 – 5.75	2016
<i>Lease Revenue – Series 1995</i>	1,670	4.30 – 5.00	2005
<i>Refunding and Improvement – Series 1998</i>	11,515	3.95 – 5.00	2020
<i>Refunding and Improvement – Series 2001</i>	8,955	3.95 – 5.00	2021
<i>Refunding and Improvement – Series 1993</i>	3,830	3.40 – 4.95	2006
<i>System Revenue Bonds – Series 1998</i>	3,385	3.55 – 4.40	2013
<i>General Obligation Building – Series 1999</i>	1,925	3.65 – 5.10	2005
<i>System Refunding – Series 1998</i>	7,295	4.25 – 4.70	2011
<i>Refunding – Series 1998-A</i>	4,195	3.00 – 4.00	2008
<i>System – Series 1994</i>	1,505	5.00 – 6.00	2006
<i>Refunding – Series 2001</i>	9,550	3.25 – 5.00	2013
<i>Improvements – Series 1994</i>	145	5.50 – 6.40	2004
<i>Improvements – Series 1997</i>	5,460	4.50 – 5.75	2019
<i>Subordinate Lien System Improvement – Series 2001</i>	52,425	Variable	2026
<i>System Revenue – Series 2000</i>	48,547	5.00 – 6.35	2029
<i>Subordinate Lien System Improvement – Series 1996</i>	30,080	5.00 – 5.50	2026
<i>Subordinate Lien Adjustable – Series 1996</i>	13,100	5.10	2006
<i>Subordinate Lien System Revenue Refunding – Series 1996</i>	16,355	4.50 – 5.32	2018
<i>System Revenue Refunding – Series 1992-A</i>	31,850	5.75 – 6.25	2021
<i>System Revenue – 1992 B-1</i>	3,430	5.75 – 6.15	2022
<i>System Revenue – 1992 B-2</i>	6,850	5.75 – 6.15	2012
	<u>\$ 298,802</u>		

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Revenue Bonds (Continued)**

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

Year ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 64,085	46,540	110,625	19,620	14,865	34,485
2004	67,357	42,954	110,311	21,620	13,891	35,511
2005	70,861	39,739	110,600	20,260	12,831	33,091
2006	74,785	36,330	111,115	17,525	11,818	29,343
2007	78,803	32,691	111,494	13,428	10,949	24,377
2008 to 2012	400,425	98,231	498,656	69,006	44,885	113,891
2013 to 2017	133,762	15,464	149,226	53,524	29,237	82,761
2018 to 2022	1,388	117	1,505	45,764	16,384	62,148
2023 to 2027	-	-	-	32,040	6,361	38,401
2028 to 2032	-	-	-	6,015	547	6,562
Total	\$ 891,466	312,066	1,203,532	298,802	161,768	460,570

Advance and current refundings:

The State Board of Finance defeased certain general obligation and severance tax bonds by placing the proceeds of new bonds in an irrevocable trust to provide for the refunded portion of all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements

On November 13, 2001, the State Board of Finance issued General Obligation Bonds Refunding Series 2001B with a principal amount of \$23,830. The refunding debt was used to refund in advance of their stated maturity dates for the 2002-2006 maturities of the General Obligation Bond Series 1997. The difference in cash flows required between the prior debt service requirements and new refunding debt service requirements resulted in cash flow savings of \$1,030. The economic gain, or present value savings was \$913.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

On November 13, 2001, the State Board of Finance issued Severance Tax Bonds Refunding Series 2001A with the principal amount of \$115,380. The refunding debt was used to refund in advance of their stated maturity dates the 2003-2005 maturities of the Severance Tax Bonds Series 1995B, the 2002-2004 maturities of the Severance Tax Bonds Series 1996A, the 2005-2008 maturities of the Severance Tax Bond Series 1998B, and the 2006-2009 maturities of the Severance Tax Bond Series 1999B. The 1995B and 1996A series were redeemed during the year ended June 30, 2002. The difference in cash flows required between the prior debt service requirements and new refunding debt service requirements resulted in cash flow savings of \$3,829. The economic gain, or present value savings, was \$3,829.

Certain bonds payable in the Governmental Activities were for construction of capital assets not owned by the State and not included in the calculation of investments in capital assets, net of related debt.

**Discretely Presented Component Units**

*New Mexico Finance Authority* bonds payable as of June 30, 2002, consist of:

	Amount	Interest Rate	Final Maturity
<i>Public Project Revolving Fund - Series 1995A and 1995B</i>	\$ 30,289	4.65 – 6.45%	2023
<i>Public Project Revolving Fund - Series 1996A and 1996B</i>	14,189	4.40 – 6.00	2021
<i>Public Project Revolving Fund - Series 1997A</i>	6,969	4.25 – 4.90	2017
<i>Public Project Revolving Fund - Series 1999A, 1999B, 1999C, and 1999D</i>	18,851	3.30 – 6.30	2018
<i>Public Project Revolving Fund - Series 2000A</i>	3,760	4.10 – 5.30	2009
<i>Public Project Revolving Fund - Series 2000B and C</i>	28,739	5.75 – 5.50	2030
<i>State Office Building Financing Fund</i>	34,070	4.00 – 5.00	2021
<i>Workers' Compensation Financing Fund</i>	3,635	5.00 – 5.60	2016
<i>Special Cigarette Tax Revenue Bonds</i>	2,400	4.80 – 5.25	2006
<i>Insurance Department Financing Fund</i>	65	3.75 – 4.00	2003
<i>Administrative Fee Revenue Program Fund (TRIMS Project) Series 1997A and 1999A</i>	19,100	(a)	2007
<i>Highway 44 Financing Fund</i>	95,385	3.95 – 5.52	2015
<i>State Capitol Improvement Financing Fund</i>	8,285	7.00	2015
<i>Federal Highway Forest Road Financing Fund</i>	18,535	4.75 – 5.50	2011
<i>Metro Court Financing Fund</i>	33,000	5.10 – 6.25	2025
<i>Equipment Loan Fund</i>	3,361	4.50 – 6.30	Various
<i>Bond premium and discount</i>	1,908		
	<u>\$ 322,541</u>		

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

- (a) Interest on the bonds will be paid at the lesser of (a) a weekly rate or long-term interest rates as selected by the New Mexico Finance Authority and as determined in accordance with the First Supplemental Indenture and (b) the maximum rate, or, when a letter of credit secures the payment of the bonds, such lower maximum rate as may be specified in the letter of credit.

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2003	\$ 22,295	16,416	38,711
2004	22,410	15,274	37,684
2005	22,915	14,133	37,048
2006	23,780	12,963	36,743
2007	20,924	11,867	32,791
2008 to 2012	94,601	45,008	139,609
2013 to 2017	72,849	21,624	94,473
2018 to 2022	29,025	8,408	37,433
2023 to 2027	12,997	1,713	14,710
2028 to 2030	745	89	834
Total	<u>\$ 322,541</u>	<u>147,495</u>	<u>470,036</u>

Bonds payable activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Total bonds payable, net	\$ 274,422	67,695	(19,576)	322,541	22,295

*New Mexico Mortgage Finance Authority* bonds outstanding consist of:

	Amount	Interest Rate	Final Maturity
<b>Single Family Mortgage Programs</b>			
<i>1985 Series A</i>	\$ 7,215	9.40%	2017
<i>1987 Series A</i>	4,375	6.88 – 7.00	2017
<i>1987 Series B</i>	3,525	7.50 – 8.00	2017
<i>1987 Series C</i>	3,100	8.50 – 8.63	2017
<i>1988 Series A</i>	1,355	8.40 – 8.50	2020
<i>1988 Series B</i>	1,595	8.20 – 8.30	2020
<i>1990 Series A</i>	5,500	7.70 – 8.00	2022
<i>1991 Series A</i>	8,845	6.85 – 9.10	2023

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Single Family Mortgage Programs (Continued)**

	Amount	Interest Rate	Final Maturity
<i>1992 Series A</i>	\$ 4,295	6.30 – 6.90%	2024
<i>1994 Series A</i>	4,655	6.88	2025
<i>1994 Series B</i>	4,375	6.75	2025
<i>1994 Series C</i>	4,850	6.50	2025
<i>1994 Series D</i>	4,965	6.80	2026
<i>1994 Series E</i>	7,435	6.95	2026
<i>1994 Series F</i>	6,985	6.85 – 7.00	2026
<i>1994 Series G</i>	8,180	6.45 – 7.25	2026
<i>1994 Series H</i>	10,250	5.90 – 6.65	2026
<i>1995 Series A</i>	13,395	5.70 – 6.65	2026
<i>1995 Series B</i>	4,120	5.50	2028
<i>1995 Series C</i>	15,270	5.20 – 6.25	2026
<i>1995 Series D</i>	10,540	5.20 – 6.50	2026
<i>1995 Series E</i>	16,000	5.00 – 6.40	2027
<i>1995 Series F</i>	20,275	5.00 – 6.15	2027
<i>1995 Series G</i>	17,650	4.65 – 5.70	2017
<i>1995 Series H</i>	13,410	5.15 – 6.25	2027
<i>1996 Series C</i>	17,215	5.10 – 6.25	2027
<i>1996 Series D</i>	16,915	5.40 – 6.38	2027
<i>1996 Series E</i>	18,710	5.25 – 6.35	2028
<i>1996 Series G</i>	18,585	5.40 – 7.47	2028
<i>1997 Series A</i>	17,955	5.40 – 6.05	2028
<i>1997 Series B</i>	17,655	5.50 – 6.30	2028
<i>1997 Series C</i>	20,060	5.05 – 7.43	2029
<i>1997 Series D</i>	21,140	4.70 – 6.65	2029
<i>1997 Series F</i>	24,665	4.65 – 6.65	2029
<i>1997 Series G</i>	24,945	4.55 – 6.30	2029
<i>1998 Series A</i>	25,630	4.85 – 6.00	2029
<i>1998 Series B</i>	24,995	5.00 – 6.10	2030
<i>1998 Series C</i>	25,740	4.80 – 6.20	2029
<i>1998 Series D</i>	25,510	4.55 – 6.10	2030
<i>1998 Series E</i>	26,275	4.35 – 6.25	2030
<i>1999 Series A</i>	24,590	4.00 – 6.25	2030
<i>1999 Series B</i>	31,935	4.25 – 6.25	2030
<i>1999 Series C</i>	3,538	5.13	2029
<i>1999 Series D</i>	30,920	4.50 – 6.88	2030
<i>1999 Series E</i>	36,285	4.60 – 6.96	2031

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

**Single Family Mortgage Programs (Continued)**

	Amount	Interest Rate	Final Maturity
<i>1999 Series F</i>	\$ 27,965	4.70 – 7.07%	2031
<i>2000 Series A</i>	27,165	4.95 – 7.76	2031
<i>2000 Series B</i>	27,825	5.05 – 7.55	2032
<i>2000 Series C</i>	27,420	5.00 – 7.82	2032
<i>2000 Series D</i>	31,980	4.75 – 7.58	2032
<i>2000 Series E</i>	31,535	5.40 – 7.39	2032
<i>2000 Second Mortgage Series</i>	1,000	6.50	2018
<i>2001 Series A</i>	29,600	4.60 – 6.13	2032
<i>2001 Series B</i>	29,025	3.80 – 5.65	2033
<i>2001 Series C</i>	29,500	3.50 – 6.00	2033
<i>2001 Series D</i>	25,000	2.35 – 5.75	2033
<i>2002 Series A</i>	29,000	2.00 – 5.25	2033
<i>2002 Series B</i>	30,000	1.85 – 5.40	2033
<i>2002 Series C</i>	27,000	2.90 – 5.50	2034
<i>2002 Series D</i>	27,000	2.15 – 5.35	2034
<i>2002 Issue 1 &amp; 2</i>	68,106	(a)	2005
	<u>1,124,544</u>		
<b>Multi-Family Mortgage Programs</b>			
<i>1990 Series A</i>	<u>8,280</u>	7.50 – 7.63	2024
<b>Rental Housing Programs</b>			
<i>1987 Series A &amp; B</i>	9,900	7.25	2011
<i>1993 Rental Housing Refunding Revenue – Series – A</i>	4,820	2.75 – 5.45	2017
<i>1993 Rental Housing Refunding Revenue – Series – B</i>	360	2.75 – 5.45	2017
<i>1993 Rental Housing Refunding Revenue – Series – C</i>	3,430	2.75 – 5.45	2017
<i>1995 Multi-Family Risk-Sharing – La Villa Alegre</i>	3,940	5.504	2037
<i>1997 Multi-Family Risk-Sharing – Las Brisas</i>	3,441	6.45	2032
<i>1997 Multi-Family Housing Revenue – Rio Volcan II</i>	4,040	4.35 – 5.65	2018
<i>1998 Series A &amp; B Multi-Family Housing Revenue – The Bluffs at Tierra Contenta</i>	9,350	5.20 – 6.03	2031

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

	Amount	Interest Rate	Final Maturity
<i>2001 Multi-Family Housing Refunding Revenue – Series A</i>	\$ 2,755	5.00%	2031
<i>2001 Multi-Family Housing Refunding Revenue – Series B</i>	7,565	5.00	2031
<i>2001 Multi-Family Housing Refunding Revenue – Series C</i>	5,910	5.00	2031
<i>2001 Multi-Family Housing Refunding Revenue – Series D</i>	2,785	5.00	2031
<i>2001 Series E Multi-Family Housing Revenue – Manzano Mesa</i>	10,000	5.55 – 7.05	2034
<i>2002 Series A &amp; B Multi-Family Housing Revenue – Sandpiper</i>	10,145	5.40 – 6.75	2038
	<u>78,441</u>		
<b>General</b>			
<i>General Revenue Office Building Fund – Series 2000</i>	2,715	4.65 – 6.00	2026
<i>Unaccreted premium, net of underwriter's Discount</i>	14,033		
	<u>\$1,228,013</u>		

(a) Variable interest rate equal to 89% of London Inter Bank Rate (LIBOR).

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2003	\$ 12,707	70,373	83,080
2004	14,938	69,901	84,839
2005	16,154	69,132	85,286
2006	16,672	68,287	84,959
2007	17,157	67,412	84,569
2008 to 2012	106,170	314,765	420,935
2013 to 2017	163,457	274,264	437,721
2018 to 2022	211,927	216,494	428,421
2023 to 2027	356,451	139,927	496,378
2028 to 2032	225,474	36,548	262,022
2033-2037	84,181	36,783	120,964
2038	2,725	43	2,768
Total	<u>\$ 1,228,013</u>	<u>1,363,929</u>	<u>2,591,942</u>

**STATE OF NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

Bonds payable activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Total bonds payable, net	\$ 1,178,181	321,823	(271,991)	1,228,013	70,373

Certain Mortgage Purchase Program bonds were legally defeased in 1992 and, therefore, are not reflected in the accompanying Statement of Net Assets. The outstanding balance of these bonds totaled approximately \$35,781.

The bonds are secured, as described in the applicable bond resolution, by the revenues, moneys, investments, mortgage loans, MBS's and other assets in the funds and accounts established by the respective bond resolutions.

The single-family mortgage loans purchased with the proceeds of all the bond issuances occurring during fiscal year 2002 were pooled and packaged as mortgage loan pass-through certificates insured by SNMA or FNMA.

In November 1999, NMMFA authorized the \$250,000 Single Family Mortgage Program Bonds, Draw Down Issue 1999, made up of Draw Down Issue 1999-3 and Draw Down Issue 1999-4. These short-term bonds were refunded by the issuance of bonds under separate indentures, the proceeds of which were used to purchase securitized mortgage under the respective indentures. Cumulative draw downs were \$159,975 through fiscal year end September 30, 2001, and additional draw downs in the amount of \$74,775 were made through fiscal year end September 30, 2002. In August 2002, all outstanding bonds were redeemed and the Draw Down Issue 1999 was closed.

In January 2002, NMMFA authorized the \$250,000 Single Family Mortgage Program Bonds, Drawn Down Issue 2002, made up of Draw Down Issue 2002-1 and Draw Down Issue 2002-2. These short-term bonds will be refunded by the issuance of bonds under separate indentures, the proceeds of which will be used to purchase securitized mortgage loans under the respective indentures. Cumulative draw downs were \$95,437 through fiscal year end September 30, 2002. As of September 30, 2002, approximately \$68,106 of proceeds form the bond issue is outstanding and, accordingly, reflected in cash and cash equivalents.



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Bonds Payable (Continued)**

In November 2001, the NMMFA issued the Single Family Mortgage Program 2001 Series D Bonds in the amount of \$25,000. The bonds were issued to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds were sold at a premium of \$650 to fund assistance to borrowers in the bond issue. As of September 30, 2002, approximately \$106 of proceeds from this bond issue is unapplied and, accordingly, reflected in cash and cash equivalents.

In February 2002, the NMMFA issued the Single Family Mortgage Program 2002 Series A Bonds in the amount of \$29,000. The bonds were issued to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds were sold at a premium of \$638 to fund assistance to borrowers in the bond issue. As of September 30, 2002, approximately \$670 of proceeds from this bond issue is unapplied and, accordingly, reflected in cash and cash equivalents.

In April 2002, the NMMFA issued the Single Family Mortgage Program 2002 Series B Bonds in the amount of \$30,000. The bonds were issued to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds were sold at a premium of \$660 to fund assistance to borrowers in the bond issue. As of September 30, 2002, approximately \$2,657 of proceeds from this bond issue is unapplied and, accordingly, reflected in cash and cash equivalents.

In June 2002, the NMMFA issued the Single Family Mortgage Program 2002 Series C Bonds in the amount of \$27,000. The bonds were issued to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds were sold at a premium of \$594 to fund assistance to borrowers in this bond issue. As of September 30, 2002, approximately \$10,518 of proceeds from this bond issue is unapplied and, accordingly, reflected in cash and cash equivalents.

In July 2002, the NMMFA issued Multifamily Housing Revenue Bonds 2002 Series A and B in the amount of \$10,145. The bonds were issued to provide funds to finance the costs of acquiring, rehabilitating and equipping the Sandpiper Apartments Project.

In August 2002, the NMMFA issued the Single Family Mortgage Program 2002 Series D Bonds in the amount of \$27,000. The bonds were issued to finance certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the bonds were sold at a premium of \$594 to fund assistance to borrowers in this bond issue. As of September 30, 2002, \$26,522 of the proceeds from this bond issue is unapplied and, accordingly, reflected in cash and cash equivalents.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 246,117	23,830	(65,680)	204,267	43,839
Severance tax bonds	347,830	247,380	(178,899)	416,311	67,667
Revenue bonds	776,259	242,670	(127,463)	891,466	64,085
Total bonds payable	1,370,206	513,880	(372,042)	1,512,044	175,591
Notes and loans payable	120,203	-	(4,849)	115,354	5,760
Capital leases	7,518	513	(914)	7,117	1,478
Unexpired magazine subscriptions	1,473	1,802	(2,275)	1,000	1,000
Claims and judgments	35,530	9,569	(9,056)	36,043	8,676
Reserve for losses	37,485	1,268	-	38,753	14,226
Compensated absences	48,446	42,069	(38,245)	52,270	17,932
	250,655	55,221	(55,339)	250,537	49,072
Governmental activity long-term liabilities	\$1,620,861	569,101	(427,381)	1,762,581	224,663
<b>Business-type activities</b>					
Bonds payable					
Revenue bonds	\$ 315,136	10,200	(26,534)	298,802	19,620
Bond premiums and discounts	(282)	-	41	(241)	(40)
Total bonds payable	314,854	10,200	(26,493)	298,561	19,580
Notes and loans payable	4,729	-	(1,367)	3,362	2,368
Capital leases	5,998	2,908	(3,423)	5,483	2,848
Environmental cleanup	5,000	-	(2,500)	2,500	-
Deferred gain	-	25,000	(171)	24,829	14,173
Student loan programs	17,853	3,344	(2,559)	18,638	2,560
Compensated absences	64,339	2,066	(736)	65,669	33,775
Reserved for losses	46,341	14,127	(10,988)	49,480	24,954
Unearned premiums	8,430	8,799	(8,430)	8,799	8,759
	152,690	56,244	(30,174)	178,760	89,437
Business-type activity long-term liabilities	\$ 467,544	66,444	(56,667)	477,321	109,017

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 2. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Tax and Revenue Anticipation Notes**

The following notes were issued by the State during fiscal year 2002, and matured June 30, 2002:

- A. 2001 – 2002 Tax and Revenue Anticipation Notes, Series 2001, \$350 million.
- B. 2001 – 2002 Tax and Revenue Anticipation Notes, Series 2001A, \$240 million.

These notes were issued by the State of New Mexico under the authority of the Short-Term Cash Management Act, Section 6-12A-1, NMSA 1978. The notes were issued to fund a portion of the State's cash flow needs for the State General Fund during its fiscal year 2002.

The transactions related to the notes have been presented in accordance with generally accepted accounting principles (GASB Codification Section B50.101); accordingly, interest and issuance costs are presented in the accompanying financial statements as expenses/expenditures.

The internal processes to deposit the proceeds from the notes and subsequently pay the notes were as follows:

The Office of the State Treasurer deposited the net proceeds from the sale of the notes, \$596,264, to its *Anticipation Notes Fund*. The Office of the State Treasurer subsequently transferred the entire amount of the proceeds to the *Appropriation Account Fund* administered by the Department of Finance and Administration.

To pay the notes, the Department of Finance and Administration transferred \$607,565 from the *Appropriation Account Fund* to the *State Treasurer Anticipation Notes Debt Service Fund*. From the debt service fund, the Office of the State Treasurer then paid the note principal and interest due at maturity.

**NOTE 3. OTHER INFORMATION**

**A. Risk Management**

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through its Internal Service Fund. Coverage is provided for the following:

Workers' Compensation	General Liability
Civil Rights and Foreign Jurisdiction	Automobile
Aircraft	Property
Money and Securities	Employee Fidelity Bond
Health/Life	ST & LT Disability

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

Coverage is extended to the entities contained within the enterprise funds, including universities and other schools.

The Internal Service Fund (ISF) 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 \$500 each. 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, 2002 were \$114,377. Insurance claims payable of \$97,649 represents amounts expected to be paid by the ISF for covered claims incurred but not reported with the Department through June 30, 2002. The amount of the liability was determined by an independent actuarial consultant to the ISF. The liability is shown in the accompanying financial statements net of approximately \$6,124 in interest, computed at 5%, expected to be earned between June 30, 2002, and the date the claims are ultimately paid. Outstanding claims of \$16,728 have been accrued based upon an independent actuarial report.

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 by the fund actuaries and reported herein.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

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.

	Balance June 30, 2001	Incurred	Payments	Balance June 30, 2002
Surety Bond	\$ 36	(40)	14	10
Public Property				
Reserve	1,419	(692)	445	1,172
Workers Compensation	16,358	(2)	2,354	18,710
Public Liability	71,118	(286)	6,167	76,999
State Unemployment	610	(3,250)	3,264	624
Local Public Body	121	(804)	817	134
<b>Total</b>	<u>\$ 89,662</u>	<u>(5,074)</u>	<u>13,061</u>	<u>97,649</u>

It is possible that other claims against ISF may exist, but have not yet been asserted.

**B. Employee Retirement Systems and Pension Plans**

**Plan Descriptions**

The State maintains five cost-sharing multiple-employer public employees' retirement 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 four pension plan systems, including the Public Employees Retirement System, (PERS) the Judicial Retirement System, (JRS) the Magistrate Retirement System, (MRS), and the Volunteer Firefighters Retirement Fund (VFRF), (collectively, the "Systems" offering an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators). ERB is the administrator of the Educational Employees Retirement System (EERS). The laws governing the administration of the Systems are set forth in Chapter 10 of the New Mexico Statutes Annotated 1978 (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.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**B. Employee Retirement Systems and Pension Plans (Continued)**

Each plan provides retirement, death, and disability benefits to State employees, employees of counties, municipalities, public schools, universities, colleges, special schools, and certain other political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The number of participating government employers, the number of members, and payroll amounts for each system for the year ended June 30, 2002 were:

	PERS	JRS	MRS	VFRS	EERS
Number of employers					
State Agencies	119	-	-	-	9
Cities	74	-	-	-	-
Counties	33	-	-	-	-
Public Schools	-	-	-	-	89
Universities and Colleges	-	-	-	-	12
Special Schools	-	-	-	-	9
Charter Schools	-	-	-	-	20
Other	51	15	18	373	-
Retirees and beneficiaries					
receiving benefits	18,817	79	37	216	23,052
Terminated plan members					
Universities, Colleges & not yet receiving benefits	2,796	12	10	N/A	19,931
Active plan members	44,141	86	63	5,176	61,091

\* Included with state, cities, and counties employees.

**Funding Benefit Policies**

*Public Employees Retirement System (PERS)* - is a cost sharing, multiple employer defined benefit pension plan which has six divisions of members: State General, State Police/Hazardous Duty, Municipal General, Municipal Police, Municipal Fire, and Legislative, and offers 18 different coverage plans. The majority of the state and municipal employees, excluding those covered under the separate Educational Retirement Act, participate in a System under Section 10-11-1 through 10-11-140, NMSA 1978, the "Public Employees Retirement Act."

Retirement ages vary depending upon the division to which the member belongs, but benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age. Early retirement benefits are also available at age 60 and above.

Members' contributions for all divisions, except Legislative, are based upon a percentage of salary and range from 4.78% to 16.30%, depending upon the division. Employer's contributions, also a percentage of salaries paid, range from 9.15% to 25.72%. Contribution rates are established by State statute.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Benefit Policies (Continued)**

Retirement benefits for all divisions, except Legislative, are computed based upon the member's "final average salary", length of service and a pension factor. Monthly benefits vary depending upon the division to which the member belongs and range from 2% to 3.5% of the member's "final average salary".

Benefits for duty and non-duty death and disability and for post retirement survivors' annuities are also available.

*Judicial Retirement System (JRS)* - Persons who serve or have served in the office of Judge or Justice may be entitled to retirement benefits under Section 10-12B-1 through 10-12B-17, NMSA 1978, the "Judicial Retirement Act." Benefits are available at age 64 or older to anyone having served not less than five years. Early retirement at age 60 is available to anyone having served at least 15 years. The plan also provides for survivors' allowances and disability benefits. The plan is a defined benefit plan, benefits being based upon salary received during the last year in office and length of service.

Members contribute 5% of their salaries and the members' court contributes 9% of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid. Contribution rates are established by State statute.

*Magistrate Retirement System (MRS)* - Persons who serve or have served in the office of Magistrate may be entitled to retirement benefits under Section 10-12C-1 through 10-12C-16, NMSA 1978, the "Magistrate Retirement Act". Benefits are available at age 64 or older to any Magistrate having ceased to hold office by reason of expiration of his term or voluntary resignation. Early retirement at age 60 is available 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 plan also provides for survivors' allowances and disability benefits. The plan is a defined benefit plan, benefits being based upon salary received during the last year in office and length of service.

Members contribute 5% of their salaries and the State, through the Administrative Office of the Courts, contributed 9% of the member's salary. Additionally, the magistrate or metropolitan court contributed \$25 for each civil case docket fee paid and \$10 for each civil jury fee paid. Contribution rates are established by State statute.

*Volunteer Firefighters Retirement System (VFRS)* - Persons who serve or have served as volunteer non-salaried firefighters may be entitled to retirement benefits under Section 10-11A-1 through 10-11A-7, NMSA 1978, the "Volunteer Firefighters Retirement Act". Benefits are available at age 55 or older to any member having served as a volunteer firefighter for not less than 10 years. The plan also provides for survivors' allowances. Benefits range from \$100 to \$200 per month based on length of service.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Benefit Policies (Continued)**

State statutes require that the State Treasurer transfer \$750 from the Fire Protection Fund to the "Volunteer Firefighters Retirement Fund, for the current fiscal year; however, because the transferring agency actually transferred \$250 too much in fiscal year 2001, the transfer for fiscal year 2002 was reduced by that amount resulting in an actual transfer during the 2002 fiscal year of \$500.

*The Educational Employees' Retirement System (EERS)* - This 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.

The benefits are computed using the final average compensation and years of service. Plan options may be selected by retiring members requiring actuarial reductions based on attained age, age of spouse and similar actuarial factors. A brief summary of coverage plan provisions are as follows:

(1) Normal retirement eligibility conditions applicable to all members:

- The member's age and earned service credit add up to sum of 75 percent or more; or
- Age 65 or more with at least five years of earned service credit; or
- The member has earned service credit and allowed service credit totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a "member" having 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, may contribute to the fund for each year needed. The cost of such contributions is 15.2% of the average salary of the last five years of each year of contributory employment needed, plus 3% compounded interest from July 1, 1957 to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund and retire (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or (2) the member may retire at age 65, if he/she has at least five years of "earned service credit."

(2) Normal Retirement Pension Amount - The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average compensation" multiplied by the total number of years of service credited times 2.35%.



**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**B. Employee Retirement Systems and Pension Plans (Continued)**

- (3) Normal and Optional Forms of Payment - The normal form of Payment is for life. Optional contingent survivor beneficiary forms of payment are available on an actuarial equivalent basis.
- (4) Disability Retirement - A member may be eligible for disability benefits after the member has completed ten years of earned service credit and is totally disabled to continue in employment and is unable to gain or retain other employment commensurate with his education, background and experience.

In order to receive benefits, the disabled member must have terminated employment because of their disability and must file application with the Educational Retirement Board.

The member must also submit to an examination by medical examiners appointed by the Board. The annual disability benefit generally shall be the final average compensation multiplied by number of years of service times 2.0%. If this amount is less than one-third of the final average compensation or the product of the final average compensation times 2.0% times the sum of the member's service credit and 60 minus member's age, whichever is less.

When a disabled member becomes age 60, the member is deemed to have retired, and thereafter, his/her disability benefit becomes a retirement benefit, subject to the reduction if the member elects an option. The member is no longer subject to removal from status due to an improvement of condition.

- (5) Cost of Living Increases - Pensions are increased each July 1 in accordance with 1/2 of the percent change in the Cost of Living of the preceding calendar year or four percent, whichever is less. The annual adjustment shall be no less than 2%. The first adjustment to the annuity will be made on July of the year in which the retirement member attains age 65 or on July 1 of the following year in which the member retires, whichever is later.

As a condition of participation in the EERS, both employees and employers are required to contribute 7.60 and 8.65% of salaries and wages, respectively.

Members may withdraw their contributions only when they terminate covered employment in New Mexico and certification of termination has been provided by the former employers. Interest paid to members when they withdraw their contributions, following termination of employment, is 75% of the average earnings rate of the fund during the five fiscal years preceding the year of withdrawal. Interest is not earned on contributions credited to accounts prior to July 1, 1971, and contributions on deposit for less than one year earned no interest.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**B. Employee Retirement Systems and Pension Plans (Continued)**

The total actuarial present value of the statutory obligations, also known as the actuarial present value of total projected benefits, is intended to help users assess systems funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons between public employee retirement systems. This calculation includes all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of the statutory obligations as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus invested earnings will provide sufficient assets to pay total projected benefits when due. Actuarial valuation and funding progress is further detailed in the other required supplementary information section of the financial statements.

**C. Post-Employment Benefits Other than Pensions**

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. 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.

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 Retiree Health Care Act on the person's behalf unless that person retires on or before July 1, 1995, in which event the time period required for employee and employer contributions shall become the period of time between July 1, 1990, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to one-half of one percent of the employee's salary. Each participating retiree pays a monthly premium of \$79.19 for the basic single plan and an additional participation fee of \$5.00 if the eligible participant retired prior to July 1, 1990, and made no contributions to the plan. Participants may also enroll in optional plans of coverage.

Contributions for participating employers and participating employees become the property of the Retirement Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retirement Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The post employment benefit expenses for the year ended June 30, 2002, consisted of premiums and claims paid in the amount of \$101,167. Participant contributions were \$89,911. Therefore, the net expense for the year was \$11,256.

For the fiscal year ended June 30, 2002 employers/employees and retirees remitted \$48,827 and \$41,084 respectively. As of June 30, 2002, approximately 22,000 retirees were participating in the plan.

**D. Deferred Compensation Plan**

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

The Plan uses a third party administrator, and all costs of administration and funding are borne by the Plan participants. The assets of the Plan are not assets of the State, but are held in trust for the exclusive benefit of Plan participants and their beneficiaries. The State has no liability for losses under the Plan but does have the duty of due care that would be required of a fiduciary agent.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**E. Arbitrage on Tax-Exempt Bonds**

Prior to the Tax Reform Act of 1986 (TRA), state and local governments had up to three years to use the proceeds from tax exempt bonds issued by them before arbitrage on such proceeds had to be paid to the Treasury Department. Arbitrage, as defined, is the excess interest earned by a state or local government on proceeds from the sale of its bonds over interest paid to bond holders.

TRA 1986 required rebate of such arbitrage to the 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 6 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 6 month period following the date of issue, and the rebate requirement is satisfied for the reserve fund after the 6 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 6 month period. Gross proceeds deposited in a reserve fund or bona fide debt service fund, however, are not subject to the expenditure requirement.

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**E. Arbitrage on Tax-Exempt Bonds (Continued)**

The following is a schedule of bond issues, along with the bond year ends and arbitrage rebate due dates. The State Treasurer's Office has completed the first arbitrage computation for the bonds as indicated:

	Bond Year End of First Rebate Computation	First Arbitrage Rebate Due Date	First Computation of Arbitrage Completed
Capital Projects General Obligation Bonds Series 1993	September 1998	November 1998	X
General Obligation Refunding Bonds Series 1993-B	September 1998	November 1998	X
General Obligation Capital Projects Improvement Bonds Series 1995	September 2000	November 2000	X
General Obligation Capital Projects Improvement Bonds Series 1997	September 2002	November 2002	X
General Obligation Capital Projects Bonds Series 1999	July 2004	August 2004	X
General Obligation Bonds Series 2001	July 2005	August 2005	
General Obligation Bonds Refunding Series 2001A	July 2005	August 2005	
Severance Tax Bonds Series 1993-B	July 1998	August 1998	X
Severance Tax Bonds Series 1994-B	July 1999	August 1999	X
Severance Tax Bonds Series 1995-A	July 2000	August 2000	X
Severance Tax Bonds Series 1995-B	July 2000	August 2000	X
Severance Tax Bonds Series 1996-A	July 2001	August 2001	X
Severance Tax Refunding Bonds Series 1997-A	July 2002	August 2002	X
Severance Tax Refunding Bonds Series 1998-A	July 2003	August 2003	
Severance Tax Bonds Series 1998-B	July 2003	August 2003	
Severance Tax Bonds Series 1999-B	July 2004	August 2004	X
Severance Tax Bonds Series 1999-A Supplemental	July 2004	August 2004	
Severance Tax Bonds Series 2000	July 2005	August 2005	
Severance Tax Bonds 2000C Supplemental	July 2006	August 2006	
Enhanced 911 Revenue Bonds Series 2000	July 2005	August 2005	

**STATE OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2002**

**NOTE 3. OTHER INFORMATION (CONTINUED)**

**E. Arbitrage on Tax-Exempt Bonds (Continued)**

Interest earnings on invested bond proceeds through June 30, 2002, did not exceed the interest costs of the bonds. Such amounts would have been included as a reservation of fund balance in the accompanying financial statements. Amounts due the Internal Revenue Service which are known and measurable are recorded as an accrued liability in the accompanying financial statements.

**F. Commitments and Contingencies**

**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.

**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.

**G. Deficit Fund Balance**

The unreserved, undesignated fund balance of the Health and Human Services fund had a deficit as the result of Medicaid expenditures in excess of available revenues.

**H. Land Grant Permanent Fund (LGPF)**

The Fergusson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants, it was stipulated that such lands, totaling 13.4 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions. Royalties and principal from land sales are transferred by the State Land Office to the Investment Office, which adds these amounts to the Land Grant Permanent Fund (LGPF). Gains and losses on investment transactions are credited or charged to the LGPF and do not directly affect distributions to the beneficiaries. On November 5, 1996, New Mexico voters approved Constitutional Amendment No. 1 which, among other things, provides that annual distributions from the LGPF shall be one hundred two percent (102%) of the amount distributed in the immediately preceding fiscal year until the

### NOTE 3. OTHER INFORMATION (CONTINUED)

#### H. Land Grant Permanent Fund (Continued)

annual distributions equal four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years. Thereafter, the amount of the annual distributions shall be four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years. The amendment became effective when it was passed by the U.S. Congress and signed by the President of the United States in August 1997.

Beneficiary	Balance June 30, 2001	Earnings from State Lands	Other Decreases In Capital Accounts, net	Balance June 30, 2002	Participation Percentage June 30, 2002
Benefiting the State, included in governmental funds					
Charitable penal and reform	\$ 54,622	6,032	(6,895)	53,759	0.8032%
Miners' Colfax Medical Center	83,472	1,475	(10,119)	74,828	1.1180%
New Mexico Boys School	586	24	(72)	539	0.0081%
New Mexico State Hospital	18,203	165	(2,198)	16,169	0.2416%
Improvements to the Rio Grande	25,142	158	(3,036)	22,264	0.3327%
Water reservoirs	73,871	3,929	(9,139)	68,661	1.0259%
Penitentiary of New Mexico	154,635	3,176	(18,796)	139,015	2.0771%
Public Buildings - Capitol	90,368	1,623	(10,983)	81,008	1.2104%
	<u>500,899</u>	<u>16,582</u>	<u>(61,238)</u>	<u>456,243</u>	<u>6.8169%</u>
Benefiting the State, included in proprietary funds					
Eastern New Mexico University	7,931	51	(958)	7,024	0.1049%
New Mexico Highlands University	2,156	119	(261)	2,014	0.0301%
New Mexico Institute of Mining and Technology	14,350	1,060	(1,744)	13,666	0.2042%
New Mexico Military Institute	263,689	6,183	(32,105)	237,767	3.5525%
New Mexico School for the Deaf	159,687	3,176	(19,415)	143,448	2.1433%
New Mexico School for the Visually Handicapped	159,226	3,176	(19,359)	143,043	2.1372%
New Mexico State University	32,972	833	(4,012)	29,793	0.4451%
Northern New Mexico Community College	1,495	120	(181)	1,434	0.0214%
The University of New Mexico	124,232	3,757	(15,147)	112,842	1.6860%
The University of New Mexico Saline Lands <sup>619</sup>	-	(75)		544	0.0081%
Western New Mexico University	2,174	119	(263)	2,030	0.0303%
	<u>768,531</u>	<u>18,594</u>	<u>(93,520)</u>	<u>693,605</u>	<u>10.3633%</u>
Not considered to benefit the State, included in fiduciary funds					
Public schools	6,125,490	164,973	(747,438)	5,543,025	82.8198%
<b>Total net assets held in trust for pool participants</b>	<u>\$ 7,394,920</u>	<u>200,149</u>	<u>(902,196)</u>	<u>6,692,873</u>	<u>100.000%</u>



**OTHER REQUIRED  
SUPPLEMENTARY  
INFORMATION**



STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR FUND - GENERAL FUND  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

<b>General Fund</b>				
	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Direct revenues				
Fees and charges	\$ 26,403	82,519	81,480	(1,039)
Licenses	1,722	1,722	1,806	84
Taxes	580	580	537	(43)
Miscellaneous	1,544	1,794	2,065	271
Interest	2,832	2,832	1,803	(1,029)
Grants	402,095	548,901	488,441	(60,460)
Other	57,563	89,005	85,013	(3,992)
Other state funds	45,325	45,805	42,614	(3,191)
Prior year funds rebudgeted	16,002	20,306	13,727	(6,579)
	<u>554,066</u>	<u>793,464</u>	<u>717,486</u>	<u>(75,978)</u>
Indirect revenues				
Transfers	18,313	19,399	12,262	(7,137)
Appropriations*	850,399	1,111,294	1,131,201	19,907
Other financing sources	15,929	19,552	16,198	(3,354)
	<u>884,641</u>	<u>1,150,245</u>	<u>1,159,661</u>	<u>9,416</u>
	<u>\$ 1,438,707</u>	<u>1,943,709</u>	1,877,147	<u>\$ (66,562)</u>
Appropriations not budgeted**			<u>2,825,357</u>	
<b>Total revenues</b>			<u>\$ 4,702,504</u>	
<b>Expenditures</b>				
Personnel services and benefits	\$ 710,796	861,860	836,502	25,358
In-state travel	5,200	5,246	5,722	(476)
Out-of-state travel	666	712	407	305
Maintenance and repairs	1,488	1,575	1,611	(36)
Supplies	3,685	5,808	5,722	86
Contractual services	207,494	375,605	335,202	40,403
Operating costs	29,176	29,755	25,551	4,204
Other costs	415,633	533,266	488,023	45,243
Capital outlay	9,038	14,401	14,004	397
Other uses	55,531	115,481	111,038	4,443
	<u>\$ 1,438,707</u>	<u>1,943,709</u>	<u>1,823,782</u>	<u>119,927</u>

\* This is tax revenue that is appropriated to the individual general funds of each agency from the State General Fund's Appropriation Account.

\*\* This is tax revenue that is transferred as an appropriation to entities and funds.

STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
MAJOR FUND - EDUCATION  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

	<b>Education</b>			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Direct revenues				
Fees and charges	\$ -	-	-	-
Licenses	-	-	-	-
Taxes	-	-	-	-
Miscellaneous	-	-	-	-
Interest	171	171	807	636
Grants	316,908	325,112	280,348	(44,764)
Other	-	-	-	-
Other state funds	1,122	1,258	1,824	566
Prior year funds rebudgeted	-	-	-	-
	<u>318,201</u>	<u>326,541</u>	<u>282,979</u>	<u>(43,562)</u>
Indirect revenues				
Transfers	1,854,139	1,854,139	1,854,059	(80)
Other financing sources	49,305	49,348	52,159	2,811
	<u>1,903,444</u>	<u>1,903,487</u>	<u>1,906,218</u>	<u>2,731</u>
<b>Revenues</b>	<b>\$ 2,221,645</b>	<b>2,230,028</b>	<b>2,189,197</b>	<b>(40,831)</b>
<b>Expenditures</b>				
Personnel services and benefits	\$ 13,776	14,830	14,078	752
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	8,178	8,583	5,521	3,062
Operating costs	-	-	-	-
Other costs	2,141,758	2,148,680	2,106,074	42,606
Capital outlay	-	-	-	-
Other uses	57,933	57,935	56,154	1,781
<b>Total expenditures</b>	<b>\$ 2,221,645</b>	<b>2,230,028</b>	<b>2,181,827</b>	<b>48,201</b>

STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
MAJOR FUND - HEALTH AND HUMAN SERVICES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

<b>Health and Human Services</b>				
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Direct revenues				
Fees and charges	\$ 32,979	32,979	25,299	(7,680)
Licenses				-
Taxes				-
Miscellaneous				-
Interest	6	6	3	(3)
Grants	1,476,904	1,545,733	1,537,065	(8,668)
Other	46,907	25,500	34,969	9,469
Other state funds	812	952	1,061	109
Prior year funds rebudgeted	1,732	26,527	707	(25,820)
	<u>1,559,340</u>	<u>1,631,697</u>	<u>1,599,104</u>	<u>(32,593)</u>
Indirect revenues				
Transfers	344,163	358,571	358,954	383
Other financing sources	58,463	74,586	83,019	8,433
	<u>402,626</u>	<u>433,157</u>	<u>441,973</u>	<u>8,816</u>
	<u>\$ 1,961,966</u>	<u>2,064,854</u>	<u>2,041,077</u>	<u>(23,777)</u>
Expenditures				
Personnel services and benefits	\$ 2,304	2,517	1,975	542
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	132	132	70	62
Supplies	22	22	7	15
Contractual services	22,743	23,022	17,886	5,136
Operating costs	639	684	1,015	(331)
Other costs	1,857,091	1,957,806	1,926,564	31,242
Capital outlay	-	-	-	-
Other uses	79,035	80,671	68,673	11,998
	<u>\$ 1,961,966</u>	<u>2,064,854</u>	<u>2,016,190</u>	<u>48,664</u>

STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
MAJOR FUND - HIGHWAY AND TRANSPORTATION  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

	<b>Highway and Transportation</b>			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Direct revenues				
Fees and charges	\$ -	-	-	-
Licenses	-	-	-	-
Taxes	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Grants	338,955	389,093	340,363	(48,730)
Other	-	82,591	82,591	-
Other state funds	327,186	330,234	331,751	1,517
Prior year funds rebudgeted	4,102	4,102	4,102	-
	<u>670,243</u>	<u>806,020</u>	<u>758,807</u>	<u>(47,213)</u>
Indirect revenues				
Transfers	-	393	400	7
Other financing sources	-	-	-	-
	<u>-</u>	<u>393</u>	<u>400</u>	<u>7</u>
	<u>\$ 670,243</u>	<u>806,413</u>	<u>759,207</u>	<u>(47,206)</u>
Expenditures				
Personnel services and benefits	\$ 113,958	113,970	105,416	8,554
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	332,915	374,386	399,060	(24,674)
Operating costs	-	-	-	-
Other costs	122,307	127,276	121,845	5,431
Capital outlay	-	-	-	-
Other uses	101,063	190,781	171,161	19,620
	<u>\$ 670,243</u>	<u>806,413</u>	<u>797,482</u>	<u>8,931</u>

**STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET TO GAAP RECONCILIATION  
GENERAL FUNDS AND MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	General	Education	Health and Human Services	Highway & Transporation
<b>Revenues</b>				
Budgetary basis revenues	\$ 4,702,504	2,189,197	2,041,077	759,207
Change in accounts receivable	3,029	(26,159)	52,535	-
Change in deferred revenue	(5,518)	(1,381)	297	(82,591)
Change in due from	(2,268)	(367)	(2,234)	-
Change in other financing sources	(289,550)	(1,710,594)	(381,448)	2,907
Prior cash budgeted	(20,352)	-	(351)	-
Other	36,428	(3,936)	56	(3,291)
<b>GAAP basis revenues</b>	<b>\$ 4,424,273</b>	<b>446,760</b>	<b>1,709,932</b>	<b>676,232</b>
<b>Budgetary basis expenditures</b>				
Budgetary basis expenditures	\$ 1,823,782	2,181,827	2,016,190	797,482
Change in accounts payable	2,372	-	38	-
Change in other accruals	16,030	115,576	159,559	-
Change in valid encumbrances	(12,975)	(20,275)	1,555	127,231
Change in due to	(1,330)	-	(275)	-
Change in other financing uses	8,958	(56,028)	(56,210)	(27,409)
Other	(13,133)	10,430	(89)	6,886
<b>GAAP basis expenditures</b>	<b>\$ 1,823,704</b>	<b>2,231,530</b>	<b>2,120,768</b>	<b>904,190</b>

STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
ANALYSIS OF THE EDUCATIONAL RETIREMENT SYSTEM (EERS)  
For The Last Six Years Ending June 30, 2002  
(Amount in Thousands)

**Pension Trust Fund Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2002	\$ 7,595,100	\$ 8,748,000	\$ 1,152,900	87%	\$ 1,978,500	58%
June 30, 2001	7,418,300	8,070,300	652,000	92%	1,819,600	36%
June 30, 2000	6,835,800	7,460,600	624,800	92%	1,795,700	35%
June 30, 1999	5,988,500	6,971,700	983,200	86%	1,637,500	60%
June 30, 1998	5,169,500	6,398,800	1,229,300	81%	1,542,800	80%
June 30, 1997	4,516,400	5,854,400	1,338,000	77%	1,448,700	92%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	\$ 173,863	100.0%
2001	161,524	100.0%
2000	153,260	100.0%
1999	145,521	100.0%
1998	136,190	100.0%
1997	131,535	98.9%

**Additional Information**

The additional 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 follows:

Valuation date	June 30, 2002
Actuarial cost method	Entry Age Normal
Amortization method	Level Payment, open
Remaining amortization period	27.2 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return*	8%
Projected salary increases*	4.50% to 13%
*Includes inflation at	3%
Cost of living adjustments (when applicable)	2%

**STATE OF NEW MEXICO**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**For The Last Six Years Ending June 30, 2002**  
**(Amount in Thousands)**

**Pension Trust Fund Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (Excess) (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2002	\$ 8,769,234	\$ 8,505,931	\$ (263,304)	103%	\$ 1,396,209	0%
June 30, 2001	8,308,210	7,883,447	(424,763)	105%	1,318,275	0%
June 30, 2000	7,527,280	7,118,975	(408,305)	106%	1,253,305	0%
June 30, 1999	6,494,487	6,554,553	60,066	99%	1,200,505	5%
June 30, 1998	5,487,475	6,000,439	512,964	91%	1,146,991	45%
June 30, 1997	4,560,312	5,558,679	998,367	82%	1,102,082	91%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	\$ 204,734	100%
2001	196,544	100%
2000	182,000	100%
1999	174,324	100%
1998	165,248	100%
1997	162,495	100%

**Additional Information**

The additional 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 follows:

Valuation date	June 30, 2002
Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period	10 years%
Asset valuation method	Smoothed market 4 years
Rate of return on investment of present and future assets*	8%
Inflation increase	4.5%
Post retirement benefit increases	3.0%
Projected salary increases*	5.0% - 15.5%**

\* Includes inflation at 5.00%

\*\* Projected salary increases, attributable to seniority/merit, vary from 0.00% to 3.8% based on age of employee and division in which employed.

**STATE OF NEW MEXICO**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF THE JUDICIAL RETIREMENT SYSTEM (JRS)**  
**For The Last Six Years Ending June 30, 2002**  
**(Amount in Thousands)**

**Pension Trust Fund Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2002	\$ 61,686	\$ 75,958	\$ 14,272	81%	\$ 7,507	190%
June 30, 2001	59,523	70,604	11,081	84%	7,060	157%
June 30, 2000	54,726	63,316	8,590	86%	6,754	127%
June 30, 1999	47,776	58,189	10,413	82%	7,071	147%
June 30, 1998	41,974	56,176	14,202	75%	6,644	256%
June 30, 1997	36,598	51,356	14,758	71%	6,537	226%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2002	\$ 2,737	74.9%
2001	2,342	92.2%
2000	2,682	79.0%
1999	2,374	86.2%
1998	2,540	80.4%
1997	2,229	102.5%

**Additional Information**

The additional information presented in above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2002
Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period	30 years
Asset valuation method	Smoothed market
	4 years
Rate of return on investment of present and future assets*	8%
Inflation increase	5%
Post retirement benefit increases	3%
Projected salary increases*	5%



**STATE OF NEW MEXICO**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF THE MAGISTRATE RETIREMENT SYSTEM (MRS)**  
**For The Last Six Years Ending June 30, 2002**  
**(Amount in Thousands)**

**Pension Trust Fund Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded (Excess) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2002	\$ 32,040	\$ 28,959	\$ (3,080)	111%	\$ 3,997	0%
June 30, 2001	30,258	26,685	(3,573)	113%	3,651	0%
June 30, 2000	27,097	23,738	(3,359)	114%	3,485	0%
June 30, 1999	23,369	21,645	(1,724)	108%	3,427	0%
June 30, 1998	19,988	20,388	400	98%	2,471	13%
June 30, 1997	16,677	18,435	1,758	91%	3,178	55%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2002	\$ 725	157.8%
2001	730	175.5%
2000	750	101.5%
1999	803	134.2%
1998	911	117.6%
1997	936	115.9%

**Additional Information**

The additional information presented in above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2002
Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period	0 years #
Asset valuation method	Smoothed market 4 years
Rate of return on investment of present and future assets*	8%
Inflation increase	5%
Post retirement benefit increases	3%
Projected salary increases*	5%

# Assets currently exceed actuarial accrued liabilities. The excess was amortized over 30 years and applied as a credit to determine the required contribution.

**STATE OF NEW MEXICO**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM (VFRS)**  
**For The Last Six Years Ending June 30, 2002**  
**(Amount in Thousands)**

**Pension Trust Fund Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded (Excess) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2002	\$ 29,784	\$ 16,128	\$ (13,656)	185%	N/A*	N/A
June 30, 2001	27,992	15,807	(12,185)	177%	N/A	N/A
June 30, 2000	24,641	17,303	(7,338)	0%	N/A	N/A
June 30, 1999	20,246	16,161	(4,085)	125%	N/A	N/A
June 30, 1998	16,248	14,897	-	109%	N/A	N/A
June 30, 1997	12,894	13,905	1,011	93%	N/A	N/A

**Schedule of Employer Contributions**

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2002	\$ 51 - 953	52.5%
2001	1,788 - 3,385	29.5%
2000	1,867 - 3,346	37.4%
1999	1,907 - 3,266	30.6%
1998	1,940 - 3,197	31.3%
1997	1,825 - 2,940	25.5%

**Additional Information**

The additional 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, 2002
Actuarial cost method	Unit credit cost
Amortization method	Level percent open
Amortization period	30 years
Asset valuation method	Smoothed market 4 years
Rate of return on investment of present and future assets*	8%
Inflation increase	5%
Post retirement benefit increases	N/A+
Projected salary increases*	N/A+

+ Benefits are not based on salary and are not subject to cost of living increases.

**STATE OF NEW MEXICO  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
NOTE A - BUDGETARY REPORTING  
JUNE 30, 2002**

**A. Budgetary Data**

Budget Process

Chapter 6, Article 3, New Mexico Statutes, sets forth the process used to develop the budget for the State of New Mexico. The process is as follows:

An operating budget is submitted annually for approval to the Budget division of the Department of Finance and Administration and reviewed by the Legislative Finance Committee, State of New Mexico. A modified cash basis of accounting is used for budgetary purposes differs from accounting principles generally accepted in the United States of America (GAAP). The budget is prepared on the modified cash basis whereby revenues are recorded when received and expenses are recorded when paid. Current year outstanding encumbrances are a budgetary expense. Certain GAAP expenses, such as depreciation expense, and adjustments to the reserve for losses are not recorded as budgetary expenditures. Budget amendments must be reviewed by the Department of Finance and Administration. Administrative line item expenditures may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed approved budget category amounts.

Budgetary Basis of Accounting

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with accounting principles generally accepted in the United States of America (GAAP). Appropriations are made from funds that are prescribed by law.

Budgetary basis revenues are essentially reported on the modified accrual basis and include amounts classified by GAAP as other financing sources. Budgetary basis expenditures include all payments made during the fiscal year against the current budget, and encumbrances of the current year budget at the end of the fiscal period, that the Department of Finance and Administration has approved and carried forward. The budgetary basis expenditures exclude any payments made during the fiscal year against prior year encumbrances (budgets).

The General Fund presented herein includes the general funds of all state agencies. The largest of these general funds is 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 appropriation by law must equal the individual amounts appropriated in the various appropriation acts.

Budget to GAAP Reconciliation

The budgetary comparison schedules for the General Fund and the major special revenue funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. 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.

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**OTHER  
SUPPLEMENTARY  
INFORMATION**

STATE OF NEW MEXICO  
COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)

	Special Revenue	Debt Service	Capital Projects	Tobacco Settlement Permanent Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 133,748	6	56,887	22,378	213,019
Deferred charges and other assets	84	-	-	-	84
Due from other governmental entities	5,172	-	412	-	5,584
Due from other funds	14,322	22,495	6,972	182	43,971
Inventories	56	-	-	-	56
Investments	47,059	149,088	-	66,776	262,923
Receivables, net	12,547	3,954	2,364	492	19,357
<b>Total assets</b>	<b>\$ 212,988</b>	<b>175,543</b>	<b>66,635</b>	<b>89,828</b>	<b>544,994</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
Liabilities					
Accounts payables	\$ 17,665	-	8,723	-	26,388
Accrued liabilities	348	-	2	-	350
Deferred revenue	3,361	-	23,340	-	26,701
Due to other funds	12,827	-	1,890	45	14,762
Due to other governmental entities	23	-	-	-	23
Due to custodians - securities lending	-	-	-	7,884	7,884
Funds held for others	1	-	-	-	1
Other obligations	236	438	-	412	1,086
<b>Total liabilities</b>	<b>\$ 34,461</b>	<b>438</b>	<b>33,955</b>	<b>8,341</b>	<b>77,195</b>
<b>FUND BALANCES (DEFICIT)</b>					
Fund balances reserved for					
Capital projects	\$ -	-	8,547	-	8,547
Inventories	56	-	-	-	56
Encumbrances	44,283	-	13,107	-	57,390
Subsequent years' expenditures	19,300	-	(885)	-	18,415
Special projects	11,732	-	7,342	-	19,074
Fund balances segregated for					
Debt service	-	163,619	-	-	163,619
Pool participants	-	-	-	81,487	81,487
Unreserved - special revenue	103,156	-	-	-	103,156
Unreserved - debt service funds	-	11,486	-	-	11,486
Unreserved - capital projects funds	-	-	4,569	-	4,569
<b>Total fund balances</b>	<b>178,527</b>	<b>175,105</b>	<b>32,680</b>	<b>81,487</b>	<b>467,799</b>
<b>Total liabilities and fund balance</b>	<b>\$ 212,988</b>	<b>175,543</b>	<b>66,635</b>	<b>89,828</b>	<b>544,994</b>

STATE OF NEW MEXICO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

	Special Revenue	Debt Service	Capital Projects	Tobacco Settlement Permanent Fund	Total
<b>Revenues</b>					
Charges for services	\$ 6,880	-	117	-	6,997
Federal funds	28,628	-	12,369	-	40,997
Interest and other investment income	2,259	16,606	2,991	1,617	23,473
Licenses, fees and permits	4,708	-	-	43,637	48,345
Other	72,635	-	452	-	73,087
State funds	4,016	-	896	-	4,912
Rentals and royalties	655	-	-	-	655
Taxes	25,775	-	3,092	-	28,867
<b>Total revenues</b>	<b>145,556</b>	<b>16,606</b>	<b>19,917</b>	<b>45,254</b>	<b>227,333</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Expenditures</b>					
General Control	63,841	906	3,427	-	68,174
Culture, Recreation, Natural Resources	22,383	-	6,735	-	29,118
Judicial	21,907	-	14,004	-	35,911
Public Safety	8,788	-	147	-	8,935
Regulation, Licensing, Etc,	23,297	-	20,000	-	43,297
Health and Human Services	-	-	-	18,760	18,760
Debt Service					-
Interest payment	-	47,318	-	-	47,318
Principal payment	-	219,735	-	-	219,735
Capital outlay	-	-	47,611	-	47,611
<b>Total expenditures</b>	<b>140,216</b>	<b>267,959</b>	<b>91,924</b>	<b>18,760</b>	<b>518,859</b>
Excess (deficiency) of revenues over expenditures	5,340	(251,353)	(72,007)	26,494	(291,526)
<b>Other Financing Sources (Uses)</b>					
Face amount of bonds sold	112,276	1,954	13,236	-	127,466
Increase/(decrease) in fair value of investments	(349)	-	-	(5,944)	(6,293)
Operating transfers in	119,495	293,257	59,798	-	472,550
Operating transfers out	(242,278)	(31,920)	(98)	-	(274,296)
Total other financing sources (uses)	(10,856)	263,291	72,936	(5,944)	319,427
<b>Net change in fund balances</b>	<b>(5,516)</b>	<b>11,938</b>	<b>929</b>	<b>20,550</b>	<b>27,901</b>
Fund balances - beginning	184,043	163,167	31,751	60,937	439,898
<b>Fund balances - ending</b>	<b>\$ 178,527</b>	<b>175,105</b>	<b>32,680</b>	<b>81,487</b>	<b>467,799</b>

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STATE OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2002  
 (IN THOUSANDS)

	Culture Recreation and Natural Resources	General Control	Judicial
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,953	38,773	6,002
Deferred charges and other assets	-	-	-
Receivables, net	8,387	2,900	495
Due from other funds	1,147	4,849	167
Due from other governmental entities	5	4,062	580
Inventories	-	-	-
Investments	23,548	1,401	-
<b>Total assets</b>	<b>\$ 79,040</b>	<b>51,985</b>	<b>7,244</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accrued liabilities	\$ 87	24	159
Accounts payables	4,177	9,298	1,226
Deferred revenue	-	16	230
Due to other funds	9,046	660	452
Due to other governmental entities	-	-	1
Funds due to beneficiaries	-	-	-
Funds held for others	-	1	-
Other obligations	17	-	3
<b>Total liabilities</b>	<b>13,327</b>	<b>9,999</b>	<b>2,071</b>
Fund Balance			
Reserved for			
Inventories	-	-	-
Encumbrances	11,972	24,283	1,493
Special projects	2,022	7,685	2
Subsequent years' expenditures	8,002	7,732	233
Unreserved - designated for special revenue	43,717	2,286	3,445
<b>Total fund balances</b>	<b>65,713</b>	<b>41,986</b>	<b>5,173</b>
<b>Total liabilities and fund balance</b>	<b>\$ 79,040</b>	<b>51,985</b>	<b>7,244</b>

	Public Safety	Reg, Lic. Etc.	Total
\$	6,505	36,515	133,748
	-	84	84
	68	697	12,547
	2	8,157	14,322
	512	13	5,172
	-	56	56
	-	22,110	47,059
<hr/>			
\$	7,087	67,632	212,988
<hr/> <hr/>			

\$	12	66	348
	688	2,276	17,665
	-	3,115	3,361
	1,670	999	12,827
	-	22	23
	-	-	-
	-	-	1
	-	216	236
<hr/>			
	2,370	6,694	34,461
<hr/>			

	-	56	56
	812	5,723	44,283
	111	1,912	11,732
	3,333	-	19,300
	461	53,247	103,156
<hr/>			
	4,717	60,938	178,527
<hr/>			
\$	7,087	67,632	212,988
<hr/> <hr/>			

**STATE OF NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Culture Recreation and Natural Resources	General Control
Revenues		
Assessments		
Charges for services	\$ 2,058	3,484
Federal funds	1,037	18,636
Interest and other investment income	461	402
Licenses, fees and permits	38	-
Other	3,889	50,406
State funds	567	-
Severance tax proceeds	-	-
Rentals and royalties	655	-
Sales revenue	-	-
Taxes	2,267	21,910
<b>Total revenues</b>	<b>10,972</b>	<b>94,838</b>
Expenditures		
Current expenditures	22,383	63,841
Debt Service	-	-
Interest payment	-	-
Principal payment	-	-
Capital outlay	-	-
<b>Total expenditures</b>	<b>22,383</b>	<b>63,841</b>
Excess (deficiency) of revenues over expenditures	(11,411)	30,997
Other Financing Sources (Uses)		
Face amount of bonds sold	900	111,376
Increase (Decrease) in fair value	979	-
Operating transfers in	25,499	72,743
Operating transfers out	(25,718)	(211,852)
<b>Total other financing sources (uses)</b>	<b>1,660</b>	<b>(27,733)</b>
<b>Net change in fund balances</b>	<b>(9,751)</b>	<b>3,264</b>
Fund balances - beginning	75,464	38,722
<b>Fund balances - ending</b>	<b>\$ 65,713</b>	<b>41,986</b>

	Judicial	Public Safety	Reg, Lic. Etc.	Total
\$	1,338	-	-	6,880
	3,982	3,977	996	28,628
	-	-	1,396	2,259
	-	-	4,670	4,708
	7,671	405	10,264	72,635
	-	2,455	994	4,016
	-	-	-	-
	-	-	-	655
	-	-	-	-
	-	-	1,598	25,775
	<u>12,991</u>	<u>6,837</u>	<u>19,918</u>	<u>145,556</u>
	21,907	8,788	23,297	140,216
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<u>21,907</u>	<u>8,788</u>	<u>23,297</u>	<u>140,216</u>
	(8,916)	(1,951)	(3,379)	5,340
	-	-	-	112,276
	-	-	(1,328)	(349)
	9,035	4,206	8,012	119,495
	(260)	(3,907)	(541)	(242,278)
	<u>8,775</u>	<u>299</u>	<u>6,143</u>	<u>(10,856)</u>
	(141)	(1,652)	2,764	(5,516)
	<u>5,314</u>	<u>6,369</u>	<u>58,174</u>	<u>184,043</u>
\$	<u>5,173</u>	<u>4,717</u>	<u>60,938</u>	<u>178,527</u>

STATE OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2002  
 (IN THOUSANDS)

	Culture Recreation and Natural Resources	General Control
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27,360	26,794
Receivables, net	507	1,608
Due from other funds	1,081	231
Due from other governmental entities	200	-
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 29,148</b>	<b>28,633</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payables	2,701	1,541
Accrued liabilities	\$ -	2
Deferred revenue	13,400	8,872
Due to other funds	723	1,142
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>16,824</b>	<b>11,557</b>
Fund Balance		
Reserved for		
Capital projects	-	8,547
Encumbrances	4,277	5,358
Special projects	7,342	-
Subsequent years' expenditures	-	-
Unreserved - capital projects (deficit)	705	3,171
	<hr/>	<hr/>
<b>Total fund balances</b>	<b>12,324</b>	<b>17,076</b>
	<hr/>	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$ 29,148</b>	<b>28,633</b>

	Judicial	Public Safety	Reg. Lic. Etc.	Total
\$	1,556	\$ 745	432	56,887
	-	-	249	2,364
	2,675	2,984	1	6,972
	-	212	-	412
<hr/>				
\$	4,231	3,941	682	66,635
<hr/>				
	4,231	209	41	8,723
\$	-	-	-	2
	-	539	529	23,340
	-	19	6	1,890
<hr/>				
	4,231	767	576	33,955
<hr/>				
	-	-	-	8,547
	2,272	1,200	-	13,107
	-	-	-	7,342
	-	(991)	106	(885)
	(2,272)	2,965	-	4,569
<hr/>				
	-	3,174	106	32,680
<hr/>				
\$	4,231	3,941	682	66,635
<hr/>				

**STATE OF NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Culture Recreation and Natural Resources	General Control
Revenues		
Charges for services	\$ -	-
Federal funds	5,991	
Interest and other investment income	224	2,762
Licenses, fees and permits	-	-
Other	-	444
State funds	63	833
Taxes	3,092	-
<b>Total revenues</b>	<u>9,370</u>	<u>4,039</u>
Expenditures		
Current expenditures	6,735	3,427
Capital outlay	15,121	12,761
<b>Total expenditures</b>	<u>21,856</u>	<u>16,188</u>
Excess (deficiency) of revenues over expenditures	<u>(12,486)</u>	<u>(12,149)</u>
Other Financing Sources (Uses)		
Face amounts of bonds sold	4,820	6,317
Operating transfers in	3,683	10,003
Operating transfers out	(98)	-
Total other financing sources (uses)	<u>8,405</u>	<u>16,320</u>
<b>Net change in fund balances</b>	(4,081)	4,171
Fund balances - beginning	<u>16,405</u>	<u>12,905</u>
<b>Fund balances - ending</b>	<u>\$ 12,324</u>	<u>17,076</u>

	Judicial	Public Safety	Reg, Lic. Etc.	Total
\$	-	-	117	117
	-	5,922	456	12,369
	-	-	5	2,991
	-	-	-	-
	5	-	3	452
	-	-	-	896
	-	-	-	3,092
	5	5,922	581	19,917
	14,004	147	20,000	44,313
	12,729	6,020	980	47,611
	26,733	6,167	20,980	91,924
	(26,728)	(245)	(20,399)	(72,007)
	-	2,099	-	13,236
	25,714	-	20,398	59,798
	-	-	-	(98)
	25,714	2,099	20,398	72,936
	(1,014)	1,854	(1)	929
	1,014	1,320	107	31,751
\$	-	3,174	106	32,680



STATE OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUND  
 JUNE 30, 2002  
 (IN THOUSANDS)

	General Control	Culture Recreation and Natural Resources	Total
<b>ASSETS</b>			
Cash and cash equivalents	-	6	6
Receivables, net	\$ 3,954	-	3,954
Due from other funds	22,225	270	22,495
Investments	149,088	-	149,088
	<hr/>		
<b>Total assets</b>	<b>\$ 175,267</b>	<b>276</b>	<b>175,543</b>
	<hr/>		
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Other obligations	\$ 438	-	438
	<hr/>		
<b>Total liabilities</b>	<b>438</b>	<b>-</b>	<b>438</b>
	<hr/>		
Fund Balance			
Segregated for debt service	163,343	276	163,619
Unreserved - designated for arbitrage	11,486	-	11,486
	<hr/>		
<b>Total fund balances</b>	<b>174,829</b>	<b>276</b>	<b>175,105</b>
	<hr/>		
<b>Total liabilities and fund balance</b>	<b>\$ 175,267</b>	<b>276</b>	<b>175,543</b>
	<hr/>		

**STATE OF NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	General Control	Culture Recreation and Natural Resources	Total
Revenues			
Interest and other investment income	\$ 16,606	-	16,606
<b>Total revenues</b>	<u>16,606</u>	<u>-</u>	<u>16,606</u>
Expenditures			
Current Expenditures	906	-	906
Debt service			
Interest payment	47,229	89	47,318
Principal payment	219,554	181	219,735
<b>Total expenditures</b>	<u>267,689</u>	<u>270</u>	<u>267,959</u>
Excess (deficiency) of revenues over expenditures	<u>(251,083)</u>	<u>(270)</u>	<u>(251,353)</u>
Other Financing Sources (Uses)			
Face amount of bonds sold	1,954	-	1,954
Transfer in	292,987	270	293,257
Transfer out	(31,920)	-	(31,920)
Total other financing sources (uses)	<u>263,021</u>	<u>270</u>	<u>263,291</u>
<b>Net change in fund balances</b>	11,938	-	11,938
Fund balances - beginning	<u>162,891</u>	<u>276</u>	<u>163,167</u>
<b>Fund balances - ending</b>	<u>\$ 174,829</u>	<u>276</u>	<u>175,105</u>

**STATE OF NEW MEXICO  
NONMAJOR FUNDS  
JUNE 30, 2002**

**NONMAJOR PROPRIETARY FUNDS**

The Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

**Commission 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 includes the operations of the Albuquerque Training Center.

**Corrections Industries Revolving Fund** – This fund is used to account certain activities of the Corrections Industries Division. 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 waste water 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 a monthly magazine.

**New Mexico Retiree Health Care Authority (NMRHCA)** – NMRHCA is an insurance fund that provides comprehensive group health insurance coverage for retired public employees, their spouses, dependents and surviving spouses.

**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.

**New Mexico Lottery Authority** – This fund accounts for the operation of lottery games to provide revenues for public purposes as defined by the New Mexico Lottery Act. The New Mexico Lottery Authority is a separate legal entity from the State and therefore, a blended component unit. The New Mexico Lottery Authority was created by New Mexico State Statute - 6-24-5A. A complete financial statement may be obtained from: New Mexico Lottery Authority, 4511 Osuna Road NE, Albuquerque, NM 87109.

**State Infrastructure Bank** – The State Infrastructure Bank is a proprietary fund administered by the State Highway and Transportation Department. 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.

**State Fair Commission** – This fund administers operations of the annual New Mexico State Fair.

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STATE OF NEW MEXICO  
STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)

	Commission for the Blind	Corrections Industries	Environment Department	New Mexico Magazine
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ -	2,842	65,023	656
Deferred charges and other assets	-	9	-	106
Due from other governmental entities	520	-	-	-
Due from other funds	-	126	313	-
Inventories	221	1,105	3,007	263
Loans Receivable-Current	-	-	4,566	-
Receivables, net of allowance for uncollectible	114	425	1,855	221
<b>Total current assets</b>	<b>855</b>	<b>4,507</b>	<b>74,764</b>	<b>1,246</b>
Non-current assets				
Investments	\$ -	-	-	-
Fixed assets, net of depreciation	115	970	-	35
Loans Receivable-Long Term	-	-	78,162	-
<b>Total noncurrent assets</b>	<b>115</b>	<b>970</b>	<b>78,162</b>	<b>35</b>
<b>Total assets</b>	<b>\$ 970</b>	<b>5,477</b>	<b>152,926</b>	<b>1,281</b>
<b>LIABILITIES</b>				
Current Liabilities				
Deficit cash	227	-	-	-
Accounts payables	25	-	-	53
Accrued liabilities	15	38	-	20
Deferred revenues	-	-	-	85
Due to other funds	-	250	-	-
Other long-term liabilities, current	25	-	-	1,414
<b>Total current liabilities</b>	<b>292</b>	<b>288</b>	<b>-</b>	<b>1,572</b>
Noncurrent Liabilities				
Other liabilities, long-term	-	-	-	-
<b>Total liabilities</b>	<b>292</b>	<b>288</b>	<b>-</b>	<b>1,572</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	-	970	-	34
Restricted for	-	-	-	-
Building construction	-	-	-	-
Debt service	-	-	-	-
Future benefits	-	-	-	-
Loans	-	-	-	-
Restricted net assets	-	-	152,926	-
Unrestricted	678	4,219	-	(325)
<b>Total net assets</b>	<b>678</b>	<b>5,189</b>	<b>152,926</b>	<b>(291)</b>
<b>Total net assets and liabilities</b>	<b>\$ 970</b>	<b>5,477</b>	<b>152,926</b>	<b>1,281</b>

	Retiree Health Care Authority	Public Schools Insurance	Lottery Authority	State Infrastructure Bank	Miners' Colfax Medical Center	State Fair Commission	Total
\$	6,264	33,703	2,146	13,932	12,217	2,443	139,226
	-	253	2,680	-	3	11	3,062
	-	-	-	-	-	-	520
	-	-	-	-	-	-	439
	-	-	428	-	381	9	5,414
	-	-	-	3,529	-	-	8,095
	4,485	270	1,021	94	2,891	1,185	12,561
	10,749	34,226	6,275	17,555	15,492	3,648	169,317
\$	113,316	20,698	-	-	2,391	-	136,405
	306	606	568	-	12,047	31,618	46,265
	-	-	-	-	-	-	78,162
	113,622	21,304	568	-	14,438	31,618	260,832
\$	124,371	55,530	6,843	17,555	29,930	35,266	430,149
	-	-	-	-	-	-	227
	96	4,325	4,789	-	533	715	10,536
	-	-	-	-	505	278	856
	-	-	-	-	120	208	413
	-	-	-	-	-	-	250
	17,670	14,669	2,004	-	150	830	36,762
	17,766	18,994	6,793	-	1,308	2,031	49,044
	-	24,526	-	-	-	2,178	26,704
	17,766	43,520	6,793	-	1,308	4,209	75,748
	306	606	-	-	12,047	30,138	44,101
	400	-	-	-	3	-	403
	-	-	-	-	-	788	788
	-	11,390	-	-	-	-	11,390
	-	-	-	17,555	-	-	17,555
	-	-	50	-	-	-	152,976
	105,899	14	-	-	16,572	131	127,188
	106,605	12,010	50	17,555	28,622	31,057	354,401
\$	124,371	55,530	6,843	17,555	29,930	35,266	430,149

STATE OF NEW MEXICO  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2002  
(IN THOUSANDS)

	Commission for the Blind	Corrections Industries	Environment Department	New Mexico Magazine
<b>Operating Revenues</b>				
Charges for Services	\$ -	-	-	-
Charges for services and sales income	237	4,421	-	4,262
Employee contributions	-	-	-	-
Federal Funds	285	-	6,234	-
Interest and other investment income	-	-	3,937	-
Licenses, fees and permits	-	-	-	-
Other operating revenues	428	-	-	-
Patient Services/Clinical Operations	-	-	-	-
Sales Income	-	-	-	-
<b>Total operating revenues</b>	<b>950</b>	<b>4,421</b>	<b>10,171</b>	<b>4,262</b>
<b>Operating Expenses</b>				
Benefits, claims and premiums	-	-	-	-
Game Expense	-	-	-	-
Depreciation Expense	-	-	-	-
General and administrative	1,069	-	334	4,104
Losses	3	-	-	-
Other operating expenses	-	4,364	-	-
<b>Total operating expenses</b>	<b>1,072</b>	<b>4,364</b>	<b>334</b>	<b>4,104</b>
<b>Operating (loss) income</b>	<b>(122)</b>	<b>57</b>	<b>9,837</b>	<b>158</b>
<b>Non-operating revenue (expense)</b>				
Federal grant revenue	-	-	-	-
Loss on disposal of capital assets	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	-	-
Other nonoperating expenses	-	-	(116)	-
Other nonoperating revenues	-	74	-	-
<b>Total nonoperating revenues (expenses) income before transfers</b>	<b>-</b>	<b>74</b>	<b>(116)</b>	<b>-</b>
Transfers in	122	-	2,000	5
<b>Change in net assets</b>	<b>-</b>	<b>131</b>	<b>11,721</b>	<b>163</b>
Net assets at beginning of year	678	5,058	141,205	(454)
<b>Net assets at end of year</b>	<b>\$ 678</b>	<b>5,189</b>	<b>152,926</b>	<b>(291)</b>

	Retiree Health Care Authority	Public Schools Insurance	Lottery Authority	State Infrastructure Bank	Miners' Colfax Medical Center	State Fair Commission	Total
\$	-	171,463	-	-	-	1,152	172,615
	-	-	129,076	-	-	-	137,996
	89,911	-	-	-	-	-	89,911
	-	-	-	-	-	-	6,519
	-	2,262	207	465	(163)	191	6,899
	-	-	-	-	-	11,156	11,156
	3,498	349	-	-	4,462	-	8,737
	-	-	-	-	10,646	-	10,646
	-	-	-	-	-	1,389	1,389
	93,409	174,074	129,283	465	14,945	13,888	445,868
	101,167	37,628	-	-	-	-	138,795
	-	-	94,204	-	-	-	94,204
	74	-	272	-	-	1,684	2,030
	1,747	4,127	5,402	-	-	12,168	28,951
	2,928	132,358	-	-	-	-	135,289
	548	-	-	-	15,082	221	20,215
	106,464	174,113	99,878	-	15,082	14,073	419,484
	(13,055)	(39)	29,405	465	(137)	(185)	26,384
	-	-	-	-	234	-	234
	-	-	-	-	1	-	1
	(9,825)	-	-	-	-	-	(9,825)
	-	-	-	-	-	-	(116)
	5,372	-	199	-	58	-	5,703
	(4,453)	-	199	-	293	-	(4,003)
	-	-	-	-	-	-	2,127
	(17,508)	(39)	29,604	465	156	(185)	24,508
	124,113	12,049	(29,554)	17,090	28,466	31,242	329,893
\$	106,605	12,010	50	17,555	28,622	31,057	354,401



**STATE OF NEW MEXICO**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

	Commission for the Blind	Corrections Department	Environment Department	New Mexico Magazine
<b>Cash Flows from Operating Activities</b>				
Amounts paid to third party administrators and other vendors	\$ -	-	-	-
Cash paid to suppliers and employees	(1,081)	(4,304)	(333)	(4,144)
Cash payments made to borrowers	-	-	(8,376)	-
Cash received from refinancing fees	-	-	54	-
Cash received on interest from loans	-	-	2,353	-
Cash received on repayment of loan principal	-	-	6,101	-
From MUSL	-	-	-	-
From retailers - sales net of commissions	-	-	-	-
Interest payments received from banks	-	-	1,663	-
Losses and loss adjustment expenses paid	-	-	-	-
Other income	713	-	-	-
Participant premiums collected	-	-	-	-
Premiums paid to health maintenance organizations	-	-	-	-
Receipts from customers	194	4,482	-	4,288
Reimbursement for losses from excess insurers and rebates	-	-	-	-
To prize winners and related taxes	-	-	-	-
<b>Net cash (used) provided by operating activities</b>	<b>(174)</b>	<b>178</b>	<b>1,462</b>	<b>144</b>
<b>Cash Flows from Investing Activities</b>				
Interest, dividends, gains & losses, net, on investment	-	60	-	-
Purchase of equities and bonds	-	-	-	-
Purchases of property & equipment	-	-	-	-
Receipts of rent	-	-	-	-
Sales of equities and bonds	-	-	-	-
<b>Net cash provided (used) by investing activities</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Appropriation from/reversion to state general fund	122	-	-	-
Interest paid on borrowing	-	-	-	-
Principal payments on bank borrowing	-	-	-	-
Transfers	-	-	-	5
<b>Net cash (used) provided by non-capital financing</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Grant expenditures	-	-	(114)	-
Grant proceeds - EPA	-	-	6,232	-
Interest and fees paid on capital debt and leases	-	-	-	-
Principal paid on capital debt and leases	-	-	-	-
Principal paid on revenue bonds	-	-	-	-
Proceeds from contributed capital	-	-	-	-
Proceeds from sale of property, land and equipment	-	(43)	-	-
Purchase of premises and equipment	(8)	124	-	(7)
<b>Net cash (used) provided by capital financing activities</b>	<b>(8)</b>	<b>81</b>	<b>6,118</b>	<b>(7)</b>
<b>Net (decrease) increase in cash</b>	<b>(60)</b>	<b>319</b>	<b>7,580</b>	<b>142</b>
Cash (deficit) at beginning of year	(167)	2,523	57,443	514
<b>Cash (deficit) at end of year</b>	<b>\$ (227)</b>	<b>2,842</b>	<b>65,023</b>	<b>656</b>

	Retiree Health Care Authority	Public Schools Insurance Authority	Lottery Authority	State Infrastructure Bank	Miners' Colfax Medical Center	State Fair Commission	Total
\$	-	(3,249)	-	-	-	-	(3,249)
	(2,295)	-	(17,074)	-	(13,801)	(10,887)	(53,919)
	-	-	-	-	-	-	(8,376)
	-	-	-	-	-	-	54
	-	-	-	-	-	-	2,353
	-	-	-	-	-	-	6,101
	-	-	5,060	-	-	-	5,060
	-	-	119,732	-	-	-	119,732
	-	-	-	562	-	-	2,225
	-	(130,338)	-	-	-	-	(130,338)
	3,498	-	-	-	593	-	4,804
	95,635	170,248	-	-	-	-	265,883
	(100,081)	(36,617)	-	-	-	-	(136,698)
	-	-	-	-	14,195	11,867	35,026
	-	356	-	-	-	-	356
	-	-	(76,565)	-	-	-	(76,565)
	(3,243)	400	31,153	562	987	980	32,449
	3,481	5,350	63	-	52	191	9,197
	(24,243)	(10,568)	-	-	-	-	(34,811)
	(104)	-	(271)	-	(718)	-	(1,093)
	-	-	106	-	-	-	106
	23,930	6,282	-	-	-	-	30,212
	3,064	1,064	(102)	-	(666)	191	3,611
	-	-	(29,448)	-	-	-	(29,326)
	-	-	-	-	-	(71)	(71)
	-	-	-	1,933	-	(350)	1,583
	-	-	-	-	-	-	5
	-	-	(29,448)	1,933	-	(421)	(27,809)
	-	-	-	-	-	-	(114)
	-	-	-	-	-	-	6,232
	-	-	-	-	-	(108)	(108)
	-	-	-	-	-	(7)	(7)
	-	-	-	-	-	(300)	(300)
	-	-	-	-	-	373	373
	-	-	-	-	-	-	(43)
	-	(58)	-	-	-	(535)	(484)
	-	(58)	-	-	-	(577)	5,549
	(179)	1,406	1,603	2,495	321	173	13,800
	6,443	32,297	543	11,437	11,896	2,270	125,199
\$	6,264	33,703	2,146	13,932	12,217	2,443	138,999

**STATE OF NEW MEXICO**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**NONMAJOR PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2002**

	Commission for the Blind	Corrections Department	Environment Department	New Mexico Magazine
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (122)	57	9,837	158
Adjustments to reconcile operating income to net cash provided by				
Accounts payable and accrued liabilities	(9)	(80)	(5)	(8)
Accrued capital purchases	-	-	-	-
Accrued wages payable	-	1	-	-
Bad debt expense	-	-	-	(7)
Compensated absences	8	-	-	-
Construction loans in process	-	-	(6,904)	-
Credits received from vendors	-	-	-	-
Deferred revenues	-	(2)	-	10
Depreciation	14	257	-	20
Due from other funds	-	(25)	-	-
Due to insurance carriers for claims paid	-	-	-	-
Due to other funds	-	(20)	-	-
Accrued interest	-	-	-	-
Inventories	(25)	84	-	(6)
Lawsuit liability	-	-	-	-
Loans receivable	-	-	4,768	-
Other revenues	(119)	14	-	-
Prepaid expenses and deposits	-	(4)	-	(46)
Prize payables	-	-	-	-
Receivables from excess insurers	-	-	-	-
Receivables from participants	-	-	-	-
Receivables, net	79	(104)	(6,234)	137
Reserves for losses and loss adjustment expenses	-	-	-	-
Reserves on deposit	-	-	-	-
Unearned premium revenue	-	-	-	-
Unexpired subscriptions	-	-	-	(114)
<b>Net cash (used) provided by operating activities</b>	<b>\$ (174)</b>	<b>178</b>	<b>1,462</b>	<b>144</b>

	Retiree Health Care Authority	Public Schools Insurance Authority	Lottery Authority	State Infrastructure Bank	Colfax Medical Center	State Fair Commission	Total
\$	(13,055)	(39)	29,405	465	(137)	(185)	26,384
						-	-
	1	854	71	-	112	(218)	718
	-	-	(86)	-	-	-	(86)
	-	-	-	-	-	44	45
	-	-	-	-	710	5	708
	-	-	-	-	-	-	8
	-	-	-	-	-	-	(6,904)
	-	-	9	-	-	-	9
	-	-	-	-	120	(98)	30
	74	23	272	-	1,126	1,688	3,474
	-	-	-	-	-	-	(25)
	1,086	753	-	-	-	-	1,839
	-	-	-	-	-	-	(20)
	-	-	144	97	-	-	241
	-	-	128	-	44	10	235
	-	-	84	-	-	-	84
	-	-	-	-	-	-	4,768
	-	(2,262)	(207)	-	-	-	(2,574)
	-	1,011	(11)	-	-	(5)	945
	-	-	1,387	-	-	-	1,387
	-	7	-	-	-	-	7
	-	72	-	-	-	-	72
	5,270	-	(107)	-	(988)	(261)	(2,208)
	2,928	1,268	-	-	-	-	4,196
	-	-	64	-	-	-	64
	453	(1,287)	-	-	-	-	(834)
	-	-	-	-	-	-	(114)
\$	(3,243)	400	31,153	562	987	980	32,449

**STATE OF NEW MEXICO  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2002**

**PRIVATE PURPOSE TRUST FUNDS**

The Private Purpose Trust Funds are used to account for assets held by the government in a trustee capacity and where the principal may not be expended.

**Scholarship Fund** – This grouping includes scholarship trust funds administered by the Commission on Higher Education and the Department of Education.

**Land Grant Permanent Fund** – Under terms of the Fergusson Act of 1898 and the Enabling Act of 1910, certain lands held by the federal government were granted to the territory of New Mexico. The lands, totaling 13.4 million acres, are held in trust for the benefit of the public schools and other specific institutions. Only the portion of the fund that does not benefit the State is presented as a Private Purpose Trust Fund. Other portions of the fund that benefit the State are presented in both the Governmental Funds and the Proprietary Funds. The Fund is administered by the State Investment Council.

**STATE OF NEW MEXICO  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Scholarship Fund	Land Grant Permanent Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,211	123,151	125,362
Investments at fair value	20	6,137,568	6,137,588
Receivables, net of allowance	-	62,746	62,746
	<hr/>		
<b>Total assets</b>	<b>2,231</b>	<b>6,323,465</b>	<b>6,325,696</b>
	<hr/>		
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Liabilities</b>			
Distributions payable due to beneficiaries	-	21,496	21,496
Due to brokers	-	29,476	29,476
Due to custodians - securities lending	-	-	-
Due to other funds	52	-	52
Other liabilities	-	6,886	6,886
Security lending liability	-	722,586	722,586
	<hr/>		
<b>Total liabilities</b>	<b>52</b>	<b>780,444</b>	<b>780,496</b>
	<hr/>		
<b>Net Assets</b>			
Net assets held in trust for pool participants	-	5,543,021	5,543,021
Reserved for other beneficiaries	2,179	-	2,179
	<hr/>		
<b>Total net assets</b>	<b>2,179</b>	<b>5,543,021</b>	<b>5,545,200</b>
	<hr/>		
<b>Net assets</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>		

**STATE OF NEW MEXICO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Scholarship Fund	Land Grant Permanent Fund	Total
<b>ADDITIONS</b>			
Deposits	-	165,827	165,827
Interest and other investment income	\$ 2	183,660	183,662
Investment earnings	-	(664,739)	(664,739)
<b>Total additions</b>	<u>2</u>	<u>(315,252)</u>	<u>(315,250)</u>
<b>DEDUCTIONS</b>			
<b>Expenditures</b>			
Distributions	-	257,955	257,955
Other operating expenses	4	159	163
Management expenses	-	8,067	8,067
<b>Total deductions</b>	<u>4</u>	<u>266,181</u>	<u>266,185</u>
<b>Change in net assets</b>	(2)	(581,433)	(581,435)
Net assets, beginning	<u>2,181</u>	<u>6,124,454</u>	<u>6,126,635</u>
<b>Net assets, ending</b>	<u>\$ 2,179</u>	<u>5,543,021</u>	<u>5,545,200</u>

**STATE OF NEW MEXICO  
NONMAJOR FUNDS  
JUNE 30, 2002**

**PENSION TRUST FUNDS**

The Pension Trust Funds are used to account for assets held by the government in a trustee capacity. These funds account for the activities of the Public and Educational Employees Retirement Systems.

**Magistrate Retirement** – The Magistrate Retirement Fund is a cost-sharing, multiple-employer defined benefit pension plan. All magistrates are eligible for membership upon election or appointment to office (eligibility is set forth in Section 10-12C-4, NMSA 1978).

**Public Employees Retirement Fund (PERA)** – PERA is a cost-sharing, multiple-employer defined benefit pension plan. Membership is open to employees and elected officials of every affiliated public employer (eligibility is set forth in Section 10-11-3, NMSA 1978). There are six divisions of members and eighteen coverage plans.

**Educational Employees' Retirement System (ERA)** – ERA 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.

**Judicial Retirement** – The Judicial Retirement Fund is a cost-sharing, multiple-employer defined benefit pension plan. Every judge or justice is eligible for membership upon election or appointment to office (eligibility is set forth in Section 10-12B-4, NMSA 1978).

**Volunteer Firefighters Retirement** – The Volunteer Firefighters Retirement Fund is a cost-sharing, multiple-employer defined pension benefit plan with a special funding mandate. Membership is open to most volunteer, nonsalaried firefighters who are listed as active members on the rolls of a fire department and meet certain age and service credit requirements (eligibility set forth in Section 10-11A-2, NMSA 1978).



**STATE OF NEW MEXICO  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Magistrate Retirement	PERA Retirement
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,959	995,402
Investments at fair value	28,831	7,932,471
Receivables, net of allowance	2,029	548,018
Other assets	-	1,015
	<hr/>	<hr/>
<b>Total assets</b>	34,819	9,476,906
	<hr/>	<hr/>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Liabilities</b>		
Payables	3,474	943,183
Other liabilities	-	-
Security lending liability	2,582	708,893
	<hr/>	<hr/>
<b>Total liabilities</b>	6,056	1,652,076
	<hr/>	<hr/>
<b>Net Assets</b>		
Net assets held in trust for pension	28,763	7,824,830
	<hr/>	<hr/>
<b>Net assets</b>	\$ -	-
	<hr/> <hr/>	<hr/> <hr/>

	Education Retirement	Judicial Retirement	Volunteer Firefighters Retirement	Total
\$	189,327	7,095	3,963	1,199,746
	6,599,639	55,923	26,563	14,643,427
	114,720	3,881	1,763	670,411
	3,631	-	-	4,646
	<u>6,907,317</u>	<u>66,899</u>	<u>32,289</u>	<u>16,518,230</u>
	44,099	6,738	3,196	1,000,690
	406	-	-	406
	<u>849,456</u>	<u>5,007</u>	<u>2,378</u>	<u>1,568,316</u>
	<u>893,961</u>	<u>11,745</u>	<u>5,574</u>	<u>2,569,412</u>
	<u>6,013,356</u>	<u>55,154</u>	<u>26,715</u>	<u>13,948,818</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	Magistrate Retirement	PERA Retirement
<b>ADDITIONS</b>		
Employee contributions	\$ 193	140,857
Employer contributions	1,146	204,734
Interest and other investment income	925	255,840
Other operating revenues	-	2,976
Net decrease in fair value of investments	(1,536)	(430,901)
Nonoperating revenues	-	157
	<hr/>	<hr/>
<b>Total additions</b>	728	173,663
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
<b>Expenditures</b>		
Benefits and claims	1,197	318,441
General and admin	6	3,815
Refunds	2	25,625
	<hr/>	<hr/>
<b>Total deductions</b>	1,205	347,881
	<hr/>	<hr/>
<b>Change in net assets</b>	(477)	(174,218)
Net assets, beginning	29,240	7,999,048
	<hr/>	<hr/>
<b>Net assets, ending</b>	\$ 28,763	7,824,830
	<hr/> <hr/>	<hr/> <hr/>

	Education Retirement	Judicial Retirement	Volunteer Firefighters Retirement	Total
\$	151,377	379	-	292,806
	173,863	2,051	-	381,794
	164,215	1,791	860	423,631
	-	-	500	3,476
	(746,928)	(3,079)	(1,446)	(1,183,890)
	3,449	-	-	3,606
	<hr/>			
	(254,024)	1,142	(86)	(78,577)
	<hr/>			
	367,454	3,499	244	690,835
	3,662	9	-	7,492
	28,508	-	-	54,135
	<hr/>			
	399,624	3,508	244	752,462
	<hr/>			
	(653,648)	(2,366)	(330)	(831,039)
	<hr/>			
	6,667,004	57,520	27,045	14,779,857
	<hr/>			
\$	6,013,356	55,154	26,715	13,948,818
	<hr/>			
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**STATE OF NEW MEXICO  
EXTERNAL TRUST FUNDS  
JUNE 30, 2002**

**EXTERNAL TRUST FUNDS**

The External Trust 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 participant in the New Mexico State Treasurer's Investment Trust Funds and the State Investment Council External Investment Trust Funds.

**State Investment Council** – The State Investment 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, Mid/Small Capitalization, Non-U.S. Index, Non-U.S. Developed Markets, Non-U.S. Emerging Markets and High Yield 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.

**State Treasurer** – The Office of the State Treasurer holds and invests monies for other state agencies and local governments. There are three external investment pools: State Funds Investment Pool, Short-Term Investment Pool and Consolidated Investment Pool.

**STATE OF NEW MEXICO  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
EXTERNAL TRUST FUND  
YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)**

	State Investment Council	State Treasurer	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,508	15,376	19,884
Investments at fair value	318,423	3,422,326	3,740,749
Receivables, net of allowance	3,238	19,868	23,106
	<hr/>		
<b>Total Assets</b>	<b>\$ 326,169</b>	<b>3,457,570</b>	<b>3,783,739</b>
	<hr/> <hr/>		
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Liabilities</b>			
Due to brokers	\$ 939	-	939
Due to custodians - securities lending	42,555	-	42,555
Due to other funds	148	-	148
Funds held for others	289	-	289
	<hr/>		
<b>Total liabilities</b>	<b>43,931</b>	<b>-</b>	<b>43,931</b>
	<hr/>		
<b>Net Assets</b>			
Net assets held in trust for pool participants	\$ 282,238	3,457,570	3,739,808
	<hr/> <hr/>		

**STATE OF NEW MEXICO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**EXTERNAL TRUST FUND (CONTINUED)**  
**YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

	State Investment Council	State Treasurer	Total
<b>ADDITIONS</b>			
Deposits	\$ -	319,063	319,063
Interest and other investment income	11,096	143,439	154,535
Other operating revenues	19,754	-	19,754
Net decrease in fair value of investments	(28,107)	-	(28,107)
<b>Total additions</b>	<b>2,743</b>	<b>462,502</b>	<b>465,245</b>
<b>DELETIONS</b>			
<b>Expenditures</b>			
Distributions	26,057	358,626	384,683
Expenses and management fees	278	401	679
<b>Total deductions</b>	<b>26,335</b>	<b>359,027</b>	<b>385,362</b>
<b>Change in net assets</b>	<b>(23,592)</b>	<b>103,475</b>	<b>79,883</b>
Net assets, beginning	305,830	3,354,095	3,659,925
<b>Net assets, ending</b>	<b>\$ 282,238</b>	<b>3,457,570</b>	<b>3,739,808</b>

**STATE OF NEW MEXICO  
AGENCY FUNDS  
JUNE 30, 2002**

**AGENCY FUNDS**

The Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

**Allotment Related Funds** – These funds are administered by the Department of Finance and Administration and serve to receive revenues and systematically distribute funds to state, county and municipal agencies. The funds are broadly classified as Policy Development, Fiscal Management and Community Development. Policy Development funds account for proceeds from sales of various bond issues, such as General Obligation and Severance Tax Bonds. Fiscal Management funds account for funds transmitted or transferred to various state agencies, including educational facilities. Community Development funds account for distributions of funds to county and municipal governments for designated projects.

**Culture, Recreation and Natural Resources** – These funds are administered by the Office of Cultural Affairs.

**Receipts Pending Distribution of Funds** – These are funds administered by the Secretary of State, Regulation & Licensing, Public Regulation Commission, Gaming Control Board, Racing Commission, Department of Education, and Department of Finance & Administration.

**Suspense Related Funds** – These funds are administered by Taxation & Revenue, Department of Finance & Administration, Racing Commission, Livestock Board, Energy, Minerals & Natural Resources, Department of Human Services And Worker's Compensation Administration.

**Other Agency Funds** – This grouping contains all other Agency Funds.



**STATE OF NEW MEXICO**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

	Other Agency Funds	Allotment Related Funds	Culture, Recreation and Natural Resources
<b>ASSETS</b>			
Cash and cash equivalents	\$ 113,498	554,252	479
Due from other fund	8,285	664	-
Investments at fair value	29,269	-	-
Due from other governmental entities	19,857	-	-
Other assets	10	-	-
Receivables, net of allowance	30,928	-	75
Security deposits	375,162	-	-
	<hr/>		
<b>Total assets</b>	<b>577,009</b>	<b>554,916</b>	<b>554</b>
	<hr/>		
<b>LIABILITIES</b>			
Deposits held in trust	379,700	-	-
Due to beneficiary	67,050	-	-
Due to other funds	63,031	248,680	-
Due to other governmental entities	7,403	-	-
Funds held for others	37,011	-	554
Other liabilities	20,447	306,236	-
Payables	2,367	-	-
	<hr/>		
<b>Total liabilities</b>	<b>577,009</b>	<b>554,916</b>	<b>554</b>
	<hr/>		
<b>Net assets</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>		

	Receipts Pending Distribution of Funds	Suspense Related Funds	Total
\$	8,606	456,205	1,133,040
	-	-	8,949
	-	-	29,269
	7,554	19,758	47,169
	-	52	62
	1,296	1,682	33,981
	-	-	375,162
	<u>17,456</u>	<u>477,697</u>	<u>1,627,632</u>
	-	5,509	385,209
	-	-	67,050
	10,372	211,291	533,374
	6,674	63	14,140
	406	49,454	87,425
	-	209,615	536,298
	4	1,765	4,136
	<u>17,456</u>	<u>477,697</u>	<u>1,627,632</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO**  
**REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION**  
**ALL FUND TYPES**  
**For the Last Ten Fiscal Years**  
**(Amounts in Thousands)**

	2002*	2001	2000	1999	1998
<u>Revenues by Source</u>					
Taxes	\$ 3,283,859	3,504,194	3,127,685	2,927,032	2,952,593
Licenses, fees and permits	92,360	81,523	73,457	86,612	76,376
Interest and other investment income	(1,112,306)	(1,239,950)	3,525,310	3,702,083	2,004,432
Rents and royalties	484,890	421,409	249,249	156,876	245,529
Charges for services	2,045,448	462,562	416,302	402,942	360,410
Intergovernmental	3,334,171	2,411,266	2,199,250	1,875,180	1,812,429
Contributions	674,600	728,773	676,252	636,762	598,660
Other sources	121,375	310,404	299,884	273,623	250,649
<b>Total Revenues</b>	<b>\$ 8,924,397</b>	<b>6,680,181</b>	<b>10,567,389</b>	<b>10,061,110</b>	<b>8,301,078</b>
<u>Expenditures by Function</u>					
Legislative	\$ 11,874	19,280	15,258	17,564	8,343
Judicial	153,391	174,901	133,534	116,834	108,975
General Control	2,589,502	2,203,032	1,902,418	1,746,989	1,754,206
Commerce and Industry	100,022	88,126	88,696	84,827	74,277
Culture/Recreation and Natural Resources	169,027	179,171	164,039	141,441	123,888
Health and Human Services	3,148,466	2,847,600	2,545,270	2,227,138	2,150,013
Public Safety	323,909	290,413	269,535	290,887	224,811
Highway and Transportation	875,972	951,306	897,716	640,222	570,785
Education	4,070,219	4,210,928	4,051,113	3,762,107	3,486,091
<b>Total Expenditures</b>	<b>\$ 11,442,382</b>	<b>10,964,757</b>	<b>10,067,579</b>	<b>9,028,009</b>	<b>8,501,389</b>

\*As a result of adopting GASB 34 in 2002, certain 2002 revenues and expenditure amounts are not comparable to prior years. 2002 amounts include the primary government and component unit amounts from the statement of activities and fiduciary fund amounts from the statement of changes in fiduciary net assets.

	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$	2,806,839	2,573,357	2,453,722	2,068,971	2,009,918
	70,649	61,594	89,153	61,453	23,902
	2,164,967	1,950,816	1,265,455	1,291,176	1,334,000
	205,646	142,997	153,163	155,998	143,725
	403,074	359,580	336,777	309,675	254,358
	1,728,017	1,714,313	1,637,462	1,544,256	326,316
	572,371	555,495	508,373	466,188	413,501
	252,330	204,831	172,632	189,676	229,980
	<u>8,203,893</u>	<u>7,562,983</u>	<u>6,616,737</u>	<u>6,087,393</u>	<u>4,735,700</u>
\$	14,472	12,383	13,120	13,071	13,136
	104,803	95,756	86,538	74,299	64,621
	1,496,887	1,384,824	1,287,330	1,271,894	1,100,014
	71,554	77,572	72,997	66,165	42,567
	117,389	138,033	119,949	103,762	67,248
	2,168,603	2,059,712	2,032,363	1,815,876	493,685
	222,355	220,444	197,796	172,029	148,909
	427,310	479,303	493,764	468,676	442,236
	3,355,295	3,228,810	3,073,573	2,925,239	2,581,065
	<u>7,978,668</u>	<u>7,696,837</u>	<u>7,377,430</u>	<u>6,911,011</u>	<u>4,953,481</u>

**STATE OF NEW MEXICO**  
**SCHEDULE OF REVENUES**  
**STATE GENERAL FUND**  
**For The Last Five Fiscal Years**  
**(Amounts in Thousands)**

	2002	2001	2000	1999	1998
<b>REVENUES</b>					
Taxes and License Fees					
General and selective sales taxes:					
Gross receipts	\$ 1,274,281	1,253,424	1,142,105	1,120,710	1,085,543
Compensating	36,009	36,593	33,502	32,269	35,390
Tobacco (luxury)	17,985	18,422	18,939	19,115	19,505
Alcoholic beverage	24,688	26,687	26,752	26,057	34,044
Insurance	50,690	44,562	47,022	45,098	41,603
Fire protection	24,587	19,953	16,414	20,009	20,694
Public utilities	8,326	4,521	6,154	43	7,143
Racing	1,154	1,146	1,058	989	906
Private car	336	579	346	475	-
Motor vehicle, boat and other excise tax	106,966	97,440	97,042	87,398	84,679
Gaming tax	28,920	23,353	19,416	2,341	-
Leased vehicles gross receipts & surcharge	6,362	6,352	6,367	7,577	7,919
Telecommunications relay surcharge	76	68	-	-	-
Boat excise tax	537	574	-	-	-
<b>Total general and selective sales taxes</b>	<b>1,580,917</b>	<b>1,533,674</b>	<b>1,415,117</b>	<b>1,362,081</b>	<b>1,337,426</b>
Income Taxes					
Personal income taxes					
Gross Withholding	798,038	760,579	692,300	641,791	612,024
Final settlements	460,162	326,820	389,414	381,494	323,455
Less					
Transfer - Retiree health care	(5,373)	(5,068)	(4,781)	(4,511)	-
Transfer - PIT suspense & others	(234,204)	(194,357)	(225,690)	(228,329)	(142,536)
Refunds - TAA suspense	(2,207)	9,513	16,191	5,203	(4,404)
<b>Net personal income taxes</b>	<b>1,016,416</b>	<b>897,487</b>	<b>867,434</b>	<b>795,648</b>	<b>788,539</b>
Corporate taxes	178,758	240,112	177,744	180,588	202,032
Less refunds	(37,085)	(20,325)	(11,942)	(19,853)	(22,002)
<b>Net corporate income taxes</b>	<b>141,673</b>	<b>219,787</b>	<b>165,802</b>	<b>160,735</b>	<b>180,030</b>
Estate taxes	21,185	24,228	16,237	21,909	12,067
Fiduciary taxes	9,331	8,607	8,644	7,633	8,664
<b>Total income taxes</b>	<b>1,188,605</b>	<b>1,150,109</b>	<b>1,058,117</b>	<b>985,925</b>	<b>989,300</b>
Severance taxes					
Oil and gas school tax	205,121	329,031	169,506	107,744	153,679
7% oil conservation	10,763	16,687	8,931	6,205	8,667
Resources excise	5,356	5,691	6,118	7,622	8,752
Natural gas processors	20,270	12,111	12,262	11,276	12,843
<b>Total severance taxes</b>	<b>241,510</b>	<b>363,520</b>	<b>196,817</b>	<b>132,847</b>	<b>183,941</b>
<b>Total taxes</b>	<b>3,011,032</b>	<b>3,047,303</b>	<b>2,670,051</b>	<b>2,480,853</b>	<b>2,510,667</b>

**STATE OF NEW MEXICO**  
**SCHEDULE OF REVENUES**  
**STATE GENERAL FUND**  
**For The Last Five Fiscal Years**  
**(Amounts in Thousands)**

	2002	2001	2000	1999	1998
Taxes and License Fees (continued)					
License Fees					
Manufactured housing	\$ 485	610	710	787	769
Franchise	17	3	5	54	19
Corporate filing	2,239	2,402	2,435	2,303	2,396
Alcoholic beverages and gaming	3,471	4,105	3,670	3,763	4,318
Financial institutions	2,123	2,029	2,038	1,999	1,949
Corporate special	4,267	7,319	4,774	10,244	3,530
Construction industries	4,846	6,315	5,084	4,787	6,300
Gaming license and permit fees	263	306	759	-	-
Securities receipts	12,454	12,749	11,866	10,941	9,761
Health facilities fees	391	75	252	66	93
Pipeline fees	71	54	30	64	66
Motor vehicles miscellaneous fees	124	402	679	614	649
Drivers Training Fees	31	18	-	-	-
State engineers fees	110	-	112	105	120
<b>Total license fees</b>	<b>30,892</b>	<b>36,387</b>	<b>32,414</b>	<b>35,727</b>	<b>29,970</b>
<b>Total taxes and license fees</b>	<b>3,041,924</b>	<b>3,083,690</b>	<b>2,702,465</b>	<b>2,516,580</b>	<b>2,540,637</b>
Other Revenue Sources					
Investment Income					
State land grant permanent fund income	258,049	234,280	219,820	215,453	211,103
Earnings on state balances	67,162	98,707	72,034	82,986	62,266
Severance tax permanent fund earnings	159,183	144,650	141,814	139,033	136,307
<b>Total interest earnings</b>	<b>484,394</b>	<b>477,637</b>	<b>433,668</b>	<b>437,472</b>	<b>409,676</b>
Rents and royalties					
Federal mineral leasing	229,323	374,464	205,321	135,692	170,106
Land office	19,919	31,239	23,815	11,936	15,578
<b>Total rents and royalties</b>	<b>249,242</b>	<b>405,703</b>	<b>229,136</b>	<b>147,628</b>	<b>185,684</b>
Miscellaneous Receipts and Fees					
Miscellaneous	130	-	13	4	59
Environment Department filing fees	2,300	342	372	472	298

**STATE OF NEW MEXICO**  
**SCHEDULE OF REVENUES**  
**STATE GENERAL FUND**  
**For The Last Five Fiscal Years**  
**(Amounts in Thousands)**

	2002	2001	2000	1999	1998
Miscellaneous Receipts and Fees (Continued)					
Local Government Investment Pool					
administrative fees	\$ -	-	4	310	642
Tribal revenue sharing	107,339	53	17,917	30,180	18,722
Magistrate court costs	-	-	-	236	1,145
Metro court costs	-	-	-	-	578
MVD penalty assessments	6,081	5,753	5,737	5,798	5,205
Fines and forfeitures	8,223	8,605	8,442	7,662	7,259
Birth and death certificates	533	561	525	488	510
District judge receipts	978	1,173	1,140	1,168	1,088
Notary public fees	808	574	593	656	645
Court of appeals	-	566	-	-	54
Legislative receipts	40	65	46	64	50
Workmen's compensation fees	-	39	-	314	-
Payroll administration costs	-	-	1	31	35
Law enforcement protection	1,096	339	2,038	-	2,510
Small county assistance	3,170	2,714	4,497	2,294	2,352
Supreme court fees	-	2	1	-	18
Unclaimed property	7,415	4,823	7,736	2,625	6,362
Public Defender reimbursement	207	192	233	271	342
Small cities assistance	559	1,357	532	2,165	2,234
<b>Total miscellaneous receipts and fees</b>	<b>138,879</b>	<b>27,158</b>	<b>49,827</b>	<b>54,738</b>	<b>50,108</b>
Other revenues					
Transfers - reversions	42,119	-	-	-	-
<b>Total other revenues</b>	<b>42,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other revenue sources</b>	<b>914,634</b>	<b>910,498</b>	<b>712,631</b>	<b>639,838</b>	<b>645,468</b>
<b>Total revenues</b>	<b>\$ 3,956,558</b>	<b>3,994,188</b>	<b>3,415,096</b>	<b>3,156,418</b>	<b>3,186,105</b>

STATE OF NEW MEXICO  
REVENUES AND EXPENSES BY TYPE  
THE EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM (EERS)  
For The Last Eight Years Ending June 30, 2002  
(Amount in Thousands)

Fiscal Year Ended June 30	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income	Other Income	
2002	\$ 151,378	\$ 173,863	\$ (582,713)	\$ 3,450	\$ (254,022)
2001	150,068	161,524	(807,706)	3,689	(492,425)
2000	139,180	153,260	853,378	3,485	1,149,303
1999	130,644	145,522	688,313	2,849	967,328
1998	122,499	136,191	199,961	4,283	462,934
1997	115,616	130,033	220,812	2,219	468,680
1996	112,350	126,594	294,029	2,279	535,252
1995	108,414	121,251	239,058	1,917	470,640

Fiscal Year Ended June 30	EXPENSES BY TYPE				Total
	Benefit Payments	Administrative Expenses	Refunds to Terminated Employees	Other Expenses	
2002	\$ 367,495	\$ 3,622	\$ 28,508	\$ -	\$ 399,625
2001	340,595	3,518	36,634	-	380,747
2000	311,814	2,544	35,153	-	349,511
1999	274,836	4,207	29,955	-	308,998
1998	254,407	2,489	28,246	-	285,142
1997	231,602	2,377	24,683	-	258,662
1996	210,621	2,369	22,969	-	235,959
1995	193,074	2,077	22,266	-	217,417



STATE OF NEW MEXICO  
REVENUES AND EXPENSES BY TYPE  
THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)  
For The Last Eight Years Ending June 30, 2002  
(Amount in Thousands)

Fiscal Year Ended June 30	REVENUES BY SOURCE				Total
	Member	Employer	Investment	Other	
	Contributions	Contributions	Income	Income	
2002	\$ 140,857	\$ 204,734	\$ (175,061)	\$ 3,133	\$ 173,663
2001	135,594	196,544	(166,425)	3,055	168,768
2000	125,929	182,000	834,762	4,654	1,147,345
1999	119,377	174,325	929,248	4,517	1,227,467
1998	113,693	165,249	908,326	4,143	1,191,411
1997	109,624	162,496	873,646	9,150	1,154,916
1996	105,256	158,086	742,082	3,493	1,008,917
1995	92,577	136,944	175,571	3,636	408,728

Fiscal Year Ended June 30	EXPENSES BY TYPE				Total
	Benefit	Administrative	Refunds to	Other	
	Payments	Expenses	Terminated Employees	Expenses	
2002	\$ 318,441	\$ 3,815	\$ 25,625	\$ -	\$ 347,881
2001	291,118	3,993	27,358	-	322,469
2000	264,480	3,273	26,812	-	294,565
1999	237,555	4,876	25,612	-	268,043
1998	212,130	12,913	25,000	-	250,043
1997	182,217	12,611	21,487	-	216,315
1996	161,927	11,082	19,317	-	192,326
1995	148,407	9,333	17,463	-	175,203

STATE OF NEW MEXICO  
REVENUES AND EXPENSES BY TYPE  
THE JUDICIAL RETIREMENT SYSTEM (JRS)  
For The Last Eight Years Ending June 30, 2002  
(Amount in Thousands)

Fiscal Year Ended June 30	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income	Other Income	
2002	\$ 378	\$ 2,051	\$ (1,288)	\$ -	\$ 1,141
2001	359	2,159	(1,206)	-	1,312
2000	343	2,120	6,099	22	8,584
1999	323	2,046	6,866	-	9,235
1998	346	2,043	1,978	-	4,367
1997	310	2,286	6,827	242	9,665
1996	301	1,919	4,370	5	6,595
1995	276	1,882	1,649	59	3,866

Fiscal Year Ended June 30	EXPENSES BY TYPE				Total
	Benefit Payments	Administrative Expenses	Refunds to Terminated Employees	Other Expenses	
2002	\$ 3,499	\$ 9	\$ -	\$ -	\$ 3,508
2001	3,427	8	1	-	3,436
2000	3,185	8	9	-	3,202
1999	2,945	8	-	-	2,953
1998	2,794	13	-	-	2,807
1997	2,461	12	-	-	2,473
1996	2,173	14	38	-	2,225
1995	1,962	16	2	-	1,980

STATE OF NEW MEXICO  
REVENUES AND EXPENSES BY TYPE  
THE MAGISTRATE RETIREMENT SYSTEM (MRS)  
For The Last Eight Years Ending June 30, 2002  
(Amount in Thousands)

Fiscal Year Ended June 30	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income	Other Income	
2002	\$ 193	\$ 1,146	\$ (611)	\$ -	\$ 728
2001	180	1,282	(532)	15	945
2000	175	940	2,877	9	4,001
1999	160	1,077	3,256	1	4,494
1998	164	1,072	858	-	2,094
1997	167	1,086	3,323	-	4,576
1996	164	1,219	2,027	-	3,410
1995	174	1,176	592	-	1,942

Fiscal Year Ended June 30	EXPENSES BY TYPE				Total
	Benefit Payments	Administrative Expenses	Refunds to Terminated Employees	Other Expenses	
2002	\$ 1,197	\$ 7	\$ 2	\$ -	\$ 1,206
2001	1,122	6	14	-	1,142
2000	1,065	6	-	-	1,071
1999	895	6	40	-	941
1998	712	8	24	-	744
1997	654	7	-	-	661
1996	551	10	-	-	561
1995	392	14	19	-	425

STATE OF NEW MEXICO  
**REVENUES AND EXPENSES BY TYPE**  
**THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM (VFRS)**  
**For The Last Eight Years Ending June 30, 2002**  
**(Amount in Thousands)**

Fiscal Year Ended June 30	REVENUES BY SOURCE				Total
	Member Contributions	Employer Contributions	Investment Income	Other Income	
2002	\$ -	\$ 500	\$ (587)	\$ -	\$ (87)
2001	-	1,000	(557)	-	443
2000	-	1,250	2,660	-	3,910
1999	-	1,000	2,950	-	3,950
1998	-	1,000	744	-	1,744
1997	-	750	2,793	-	3,543
1996	-	500	1,720	-	2,220
1995	-	500	549	-	1,049

Fiscal Year Ended June 30	EXPENSES BY TYPE				Total
	Benefit Payments	Administrative Expenses	Refunds to Terminated Employees	Other Expenses	
2002	\$ 247	\$ -	\$ -	\$ -	\$ 247
2001	233	-	-	-	233
2000	212	-	-	-	212
1999	172	-	-	-	172
1998	147	2	-	-	149
1997	119	1	-	-	120
1996	79	6	-	-	85
1995	50	8	-	-	58