

Timothy M. Keller
State Auditor



Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR

For Immediate Release

July 7, 2017

Contact: Justine Freeman
505-476-3819

State Auditor Tim Keller Releases New Mexico's Comprehensive Annual Financial Report
Identifies historical double counting of over \$750 million in Land Grant Permanent Fund

SANTA FE, NM – Today, the Office of the State Auditor (OSA) released New Mexico's Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended on June 30, 2016. The report provides an overview of the state's finances and was conducted by an independent accounting firm. All of the sections in the audit received a disclaimer of opinion, meaning the auditors were unable to obtain sufficient audit evidence on which to base an opinion.

The report contains four audit findings, one of which is due to an inconsistency in accounting principles used for the Land Grant Permanent Fund (LGPF). A longstanding misrepresentation led to over \$750 million being double counted by the state and departments such as higher educational institutions and special schools. State Auditor Tim Keller analyzed the issue earlier this year, after it was raised by a high level state official, and wrote to Governor Martinez with a set of possible solutions.

"The audit highlights a number of areas in which our state continues to be unable to provide an aggregate financial snapshot to policymakers and the public," stated State Auditor Tim Keller. "Specifically, with regard to the double counting of over \$750 million by higher education funds and the Land Grant Permanent Fund, our office called on the state to resolve the issue. We are encouraged that a plan is in place to properly account for the billions in the Fund moving forward. We will continue to push the state towards achieving a timely and accurate snapshot of finances."

These issues are not expected to affect the state's budget shortfalls but may have implications for bond rating and financial restatements.

The FY16 CAFR was submitted to the State Auditor's office four months after the deadline of February 15, 2017. This is the third year the CAFR has been audited, and each time the report has been late and contained unreliable financial information as determined by the independent auditor.

The audit and cover letter are available here: https://www.saonm.org/audit_reports/detail/11023.

The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.