

Mr. Robert D. Castner, State Auditor  
Mr. A. E. Hunt, Director of Finance and Administration  
And  
Mr. Robert Valdez, Commissioner of Revenue  
Mr. Kern Aldridge, Liquor Director

Gentlemen:

We have examined the statement of Assets and Liabilities arising from cash transactions of the Liquor Control Division of the Bureau of Revenue as of June 30, 1959, and the Statement of Receipts and Transfers for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and includes such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; except that we did not confirm Tax Stamps in the custody of the Meyercord Company by direct correspondence.

#### C O M M E N T S

##### Legislative History

The structure of Liquor Control Division is outlined by Chapter 46 of the 1953 compilation of the laws of New Mexico authorizing the Commissioner and Director. The powers and duties of the division provide:

1. For issuance of licenses and collection of fees
2. For suspension or revocation of licenses by director
3. For excise stamps to be printed and sold by the Bureau
4. For administration of trade practices by the director

During the twenty fourth regular session of the Legislature an act was passed that provides for the payment of the Excise Tax on alcoholic liquors by the filing of returns instead of by affixing excise tax stamps, which in effect changed the third provision as outlined above. This act was effective May 1, 1959.

##### Balance Sheet - Exhibit "A"

The financial position of the Liquor Control Division at June 30, 1959, as reflected by the balance sheet of this report is subject to the following comments:



Claims Payable 6 30

The result of operations of this account is outlined as follows:

<u>Issuances</u>		2 163 29
<u>Deduct:</u>		
Credits taken	2 140 74	
Cancellations	16 25	2 156 99
<u>Balance - Credit Voucher #21</u>		<u>6 30</u>

Surplus 103 70

The surplus statement as shown on Schedule 2 reflects a decrease of 37 528 25 over the prior fiscal year which is attributable to the reduction of the stamp inventory. All liquor stamps, with the exception of the stamps in the custody of the Meyercord Co., were destroyed and witnessed by us. The stamps destroyed were destroyed with the approval of the department officials. The stamps at Meyercord Co. were confirmed to us by them and are awaiting destruction whenever the proper representation by the department can be arranged.

Collections and transfers for the year ended June 30, 1960 are presented in detail at Exhibit B. The increase in transactions handled by the division is indicated in the following tabulation showing net collections for the three year period ended June 30, 1960:

	<u>Year Ending June 30</u>		
<u>1960</u>	<u>1959</u>		<u>1958</u>
<u>2 247 054 88</u>	<u>1 929 662 94</u>		<u>2 042 138 80</u>

The records now kept by the department in relations to the reporting of tax by the individual wholesaler should be made a part of the financial statement. Also, these same records could be utilized for delinquency control.

\* \* \* \* \*

In our opinion, the accompanying financial statements present fairly the assets and liabilities arising from cash transactions of the Liquor Control Division of the Bureau of Revenue and the receipts and transfers relating to such transactions for the year then ended on a basis consistent with that of the preceding year.

Respectfully submitted,

*Charles E. Allen*

KNEELAND & ALLEN

Registered Public Accountants

Santa Fe, New Mexico

OFFICE OF  
STATE AUDITOR

NOV 29 PM 2:45

RECEIVED



BUREAU OF REVENUE  
STATE OF NEW MEXICO  
LIQUOR CONTROL  
SURPLUS RECONCILIATION

JUNE 30, 1960

---

BALANCE PER AUDIT JUNE 30, 1960

37 631 95

ADD:

EXCESS OF RECEIPTS OVER TRANSFERS  
DECREASE OF CLAIMS PAYABLE

30 00  
73 23

103 23

TOTAL BALANCE AND ADDITIONS

37 735 18

DEDUCT:

STAMP INVENTORY—DESTROYED  
DECREASE CLAIMS RECEIVABLE

37 389 19  
242 29

TOTAL DEDUCTIONS

37 631 48

BALANCE JUNE 30, 1960

103 70